

DAILY REPORT

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HONG KONG MEDIA ON CHINA

Shenzhen's Zou Erkang on Successes, Problems
[TA KUNG PAO 26 Jul]

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SHULTZ, SHEVARDNADZE DISCUSS TIES IN HELSINKI

OW311926 Beijing XINHUA in English 1906 GMT 31 Jul 85

[Text] Helsinki, July 31 (XINHUA) -- U.S. Secretary of State George Shultz and the new Soviet foreign minister, Eduard Shevardnadze, met here today and began to lay the groundwork for the Reagan-Gorbachev summit in November. This was the first meeting of the Soviet and American foreign ministers since Shevardnadze became Soviet foreign minister this month. The three-hour meeting was held at the U.S. ambassador's residence overlooking the Helsinki harbour. Shevardnadze was greeted by Shultz on the steps of the red-brick residence and the two men smiled and chatted amiably for five minutes in the afternoon sunshine before entering the building.

It was disclosed that the meeting dealt with some substantive problems in U.S.-Soviet relations, including the stalled Geneva arms control negotiations, preparations for the November summit and the new Soviet initiative for suspension of nuclear weapons tests.

At a green baize conference table, Shultz was flanked by veteran arms control adviser Paul Nitze, chief negotiator in the Geneva talks Max Kampelman, assistant Secretary of State for European and Canadian Affairs, Rosanne Ridgway and other high-ranking officials.

On the Soviet side were Vice-Foreign Minister for U.S. Affairs V.G. Komplektov, chief negotiator in Geneva Yuli Kvitsinskiy and Soviet Ambassador to the United States Anatoli Dobrynin.

Sources close to the meeting said that it was no more than an opportunity for mutual acquaintance and that very little progress was made on important issues between the two countries.

Lomeyko, Shultz Comment

OW312039 Beijing XINHUA in English 2031 GMT 31 Jul 85

[Text] Helsinki, July 31 (XINHUA) -- The Soviet Foreign Ministry spokesman, Vladimir Lomeyko, said here this evening that the three-hour meeting between the U.S. and Soviet foreign ministers was "interesting, frank, useful -- and it should be continued through the diplomatic process." He told a press conference after the foreign ministers' meeting that the two men exchanged views on the international situation, bilateral relations, Reagan-Gorbachev meeting in November and other matters. The Soviet Union sees the projected summit as a move to improve bilateral relations and the international situation, he said.

Soviet Foreign Minister Eduard Shevardnadze, he said, told Shultz that there must be no interference in the internal affairs of country and that the U.S. response to Mikhail Gorbachev's proposal to suspend nuclear weapons tests was not a positive one.

U.S. Secretary of State George Shultz emerged from his first meeting with Shevardnadze to say that "very deep differences" remain between the two countries, although some progress was made at the meeting. "While we see some progress in some areas, there are some very deep differences," Shultz said.

He said the meeting had covered the "full range" of U.S.-Soviet issues, particularly issues that would be raised during the Reagan-Gorbachev meeting in November. He described today's meeting as "interesting, useful, frank, businesslike, productive." Shultz said that he had spent "three worth while, important hours" with Shevardnadze, which made up the first step toward making the Geneva summit a fruitful meeting.

YAO YILIN OPENS YOUTH SOCCER TOURNAMENT

OW312002 Beijing XINHUA in English 1242 GMT 31 Jul 85

[Text] Beijing, July 31 (XINHUA) -- The first FIFA [Federation Internationale Football Association] under-16 world tournament for the Kodak [Cup] opened in the Worker Stadium here at 18:00 hours today. Yao Yilin, vice-premier of the Chinese State Council, declared the tournament open on behalf of the Chinese Premier Zhao Ziyang.

Addressing the 70,000 Beijing capacity crowd, Joao Havelange, president of the international football federation (FIFA), said: "I now feel an upsurge of the joy which I felt in 1980, when the FIFA congress approved with acclamation the return of your football association into the FIFA fold.

"This very wise decision has meant that within less than five years thanks to the rapid progress football has made in the People's Republic of China you have been able to assume the responsibility of organizing a world tournament of such magnitude it is our pleasure to be inaugurating at this very moment," the FIFA president noted.

"With this first U-16 world tournament, China and FIFA are joining together to celebrate with the youth of the world, all of whom we wish to see full of vitality and happiness, united by freedom through sport," Havelange added.

Harry H. Cavan, chairman of the organizing committee for the tournament, said that it is fitting that the first FIFA U-16 world tournament for the Kodak Cup should be organized in this particular year, 1985, because it is the year dedicated to the youth world. "I offer sincere best wishes to all for a happy and successful competition here in China and I trust that all the games will be played in a truly sporting spirit so that 'fair play' will be the highlight of the tournament and create the best possible image of football, throughout the world," Cavan said.

Xu Yingsheng, chairman of the local organizing committee, said: "Football is one of the most favourite sports of the Chinese people, especially of the young people. They are very happy to see that so many strong teams from various countries come to compete in the tournament.

"Through this tournament, it will not only strengthen our friendship, but will also provide a good opportunity for the Chinese players to learn from them," Xu added.

The 50-minute opening ceremony started with the filing on of the sixteen teams, represented by different groups of Chinese boys dressed in the players' suits behind a square of red flags. Leading the contingents is the flag of the FIFA. After the marching off of the participating teams, local artists displayed dragon and lion dances, a Chinese traditional art.

Three giant pandas, the mascot for the tournament, walked into the stadium with various postures before the first match between China and Bolivia started.

[Beijing XINHUA Domestic Service in Chinese at 1759 GMT on 31 July in a report on the opening ceremony notes that CPC Central Committee Secretariat member Fu Qili, PLA General Logistics Department First Secretary Wang Ping, Central Advisory Commission Standing Committee member Cheng Zihua, NPC Standing Committee Vice Chairman Huang Hua, Sports Commission Minister Li Menghua, Beijing Mayor Chen Xitong, Wang Guangying, Rong Gaotang, and He Zhenliang were also present.]

FURTHER COVERAGE OF LI XIANNIAN'S VISIT

Tours Cultural Center

OM010230 Beijing XINHUA in English 0220 GMT 1 Aug 85

[Text] Honolulu, July 31 (XINHUA) — Chinese President Li Xiannian toured the Polynesian Cultural Center today on the last leg of his 10-day U.S. visit.

The president visited a recreated Pacific village with exhibits representing the life-styles of the centuries-old cultures of Samoa, Tonga, Fiji, the Maori people of New Zealand, Tahiti, the Marquesas and the islands of Hawaii. The performers, mostly students from the various Pacific islands, entertained their Chinese guests with native songs and dances.

President Li is flying home later today. His U.S. trip has taken him to Niagara Falls, Washington D.C., Chicago, Los Angeles and Honolulu.

Honolulu Departure

OM020318 Beijing XINHUA in English 0311 GMT 1 Aug 85

[Text] Honolulu, July 31 (XINHUA) — Amid cheers of "aloha", Chinese President Li Xiannian, with three leis around his neck, left here this afternoon for home after successfully concluding his 10-day state visit to the United States.

Li's special plane, the CAAC one aircraft, took off at the Honolulu-Hickam Air Force Base at 4:15 p.m. (local time).

President Li and his wife Lin Jiamin and other senior Chinese officials were seen off at the Air Force base by George Ariyoshi, governor of the State of Hawaii; Frank Fasi, mayor of the City of Honolulu; and other senior U.S. officials. Representatives of local Chinese Americans and Overseas Chinese were also present on the occasion.

The Chinese president will fly to Shanghai before he returns to Beijing.

RENMIN RIBAO Newsletter

HK311047 Beijing RENMIN RIBAO in Chinese 25 Jul 85 p 6

["Letter From America" by reporters Xi Linsheng and Zhang Liang: "Cultivating Sino-U.S. Friendship"]

[Text] On 23 July, President Li Xiannian and the delegation he led spent a happy but busy day in Washington. That day, the weather in Washington was fine with a gentle breeze blowing. President Reagan held a grand welcoming ceremony in honor of President Li on the White House's South Lawn. President Reagan, who had undergone surgery 10 days ago, had just left the hospital 4 days ago. However, he personally received President Li and presided over the welcoming ceremony and the state banquet. This deeply moved and impressed the Chinese guests. When President Reagan visited China last year, President Li Xiannian had held a ceremony to welcome him in front of the Great Hall of the People. Now as the first PRC head of state to visit the United States, President Li was welcomed by President Reagan in the White House. People still remember that 6 years ago on the South Lawn the then U.S. President Carter welcomed Vice Premier Deng Xiaoping, who is the first Chinese leader to visit the United States, and that more than 1 year ago President Reagan also welcomed Premier Zhao Ziyang here. The frequent exchanges of visits by the leaders of China and the United States shows that Sino-U.S. relations are continuously advancing.

At the welcoming ceremony in the White House, President Reagan and President Li Xiannian both praised the development of friendly relations between the two countries and expressed their hope for overcoming differences and obstacles. In his speech, President Reagan once again emphasized the principle of "mutual respect and mutual benefit" that he put forward last year when visiting China and proposed that both countries strengthen their ties and continue to develop their friendly cooperation on the basis of this principle. President Li Xiannian stressed that the purpose of his trip was to increase mutual understanding, develop relations between the two countries, consolidate the two peoples' friendship, and safeguard world peace. President Li also pointed out that some obstacles and difficulties between the two countries have yet to be overcome. He likened Sino-U.S. relations to a tender seedling which needs careful cultivation before it can grow into a sturdy plant.

After the welcoming ceremony, the two presidents held a 25-minute talk in the Cabinet Room. In view of President Reagan's health, the welcoming ceremony and the talks were shorter than the usual ones, but the atmosphere was cordial and friendly. After reviewing the steady development of Sino-U.S. relations in recent years, President Li particularly pointed out that the Taiwan issue remains a major obstacle between China and the United States; he hoped that both countries will make an effort to overcome this obstacle and advance their relations at a quicker pace. President Li also briefed President Reagan on China's plan of "one country, two systems" for the peaceful settlement of the Taiwan question and pointed out that if this plan is successful, it will be in the interests of peace in Asia and the whole world and will also be in the interests of Sino-U.S. relations. So he hoped that the U.S. Government will assume a clear and positive attitude toward it.

In the evening, President Reagan held a state banquet in the White House in honor of President Li and his delegation. In his toast, President Reagan called President Li an "old friend," saying that the meeting gave him an opportunity to once again enjoy their friendship. He said that he deeply believes that Sino-U.S. cooperation will continue to develop in the coming years. When responding to the toast, President Li Xiannian once again expressed his wishes to see the further development of friendly relations between China and the United States; he also expressed his hope that both sides will make a joint effort to overcome obstacles and concentrate on breaking fresh ground in Sino-U.S. friendly cooperation so as to maintain friendship between the two peoples from generation to generation.

It is noteworthy that in the afternoon, President Li Xiannian, Vice Premier Li Peng, together with Vice President Bush and Secretary of State Shultz, attended the signing ceremony for four agreements between the two countries at the State Department. The four documents are the Sino-U.S. agreement on cooperation in the peaceful utilization of nuclear energy, the 2-year plan for implementing the Sino-U.S. cultural agreement, the Sino-U.S. protocol for educational cooperation and exchanges, and the Sino-U.S. fishery agreement.

The Sino-U.S. nuclear cooperation agreement was initialed last year when President Reagan visited China. Through efforts of the past year, the two countries at last formally signed this agreement, which will open the door for nuclear cooperation between the two countries.

At the signing ceremony, Vice Premier Li Peng said that the signing of the four agreements demonstrates the beginning of a new stage in Sino-U.S. cooperation in the economic, technological, educational, and cultural fields and is a major event to be celebrated in the history of Sino-U.S. friendly relations. It also signals the success of their current visit. The media in the United States highlighted the signing of the Sino-U.S. nuclear cooperation agreement. The television networks, newspapers, and radios here all reported the event. It is generally held here that the great achievements made on the first day of President Li Xiannian's visit indicate that the visit will be a fruitful one.

CHEN MUBUA MEETS VISITING BANKERS GROUP

OW311423 Beijing XINHUA in English 1250 GMT 31 Jul 85

[Text] Beijing, July 31 (XINHUA) — Chen Mubua, state concillor and president of the People's Bank of China, met here today with George Dixon, chairman and chief executive officer of the First Bank System of the United States and his party.

The American guests arrived here July 28 at the invitation of the Bank of China.

Present on the occasion was Jin Deqin, member of the Council of the People's Bank of China.

KYODO REPORTS S. KOREAN LEADER MESSAGE TO DENG

OW010853 Tokyo KYODO in English 0841 GMT 1 Aug 85

[Text] Beidaihe, China, Aug. 1 KYODO -- South Korea wants to improve relations with China and hopes Beijing will bring its influence to bear on peace-keeping in the Korean peninsula, a visiting Japanese politician said Thursday. The South Korean position was contained in a message to China from South Korean President Chon Tu-hwan.

The message was conveyed by Yoshikatsu Takeiri, chairman of Japan's Komeito Party, in a meeting with Chinese senior leader Deng Xiaoping in this summer resort town for China's top leaders, Takeiri's aides said. Takeiri is currently on a visit to China following a trip to South Korea where he had a meeting with the South Korean president.

Chon's message said South Korea places confidence in the current Chinese leadership and hopes to promote exchanges with China in all non-political fields. Chon also told the Chinese leaders that South Korea hopes China will play a role in preventing war in the Korean peninsula, saying that his government is making every effort to keep peace with North Korea. China has diplomatic relations with North Korea, but not with South Korea.

Deng was quoted as telling Takeiri that South Korea should first agree to take part in three-way peace talks as proposed by North Korea.

The key to better relations lies in whether there is any progress in the dialogue between North and South Korea, Deng said, noting that China supports plans to hold the three-way talks, which would also involve the United States as the third party.

On security issues in the Korean peninsula, Deng said tension in the region has eased off but it will take time for China to improve ties with South Korea. Deng also indicated that China is ready to take part in both the 1986 Asian Games in Seoul and the 1988 Seoul Olympic Games, saying that China will "proceed in accordance with the regulations" set by the Asian Games and the Olympiad.

On Sino-Soviet ties, Deng indicated that there has been some improvement in relations between the two countries, noting that Vice Premier Yao Yilin had received "warm treatment" during his visit to the Soviet Union in July.

Deng also reiterated the Chinese position that Moscow should ease its stand on at least one of the three conditions cited by China for improving bilateral relations. The three Chinese-demanded conditions are a Soviet troops pullback from the China-Soviet and China-Mongolia borders, the withdrawal of Soviet support for Vietnamese military presence in Kampuchea and the Soviet troop withdrawal from Afghanistan. If it is difficult to come to an agreement on the three conditions at once, at least the Soviets should try to settle one, Deng reportedly said.

Deng said he welcomes the summit talks this November between the Soviet Union and the United States but he does not have very high hopes for it.

Deng described Taiwan as "an irritation" in Sino-U.S. relations but he said he appreciated the warm hospitality President Ronald Reagan accorded to Chinese President Li Xianmin during his recent trip to the United States. Although President Reagan had just had an operation, he played host to Li and that symbolized the friendship between the two countries, Deng said.

Deng also touched on China's political reshuffle planned at a party congress this September, and asked the Japanese visitors to "make friends with" party Secretary Hu Qili, an indication that Hu is favored for promotion to a higher position in the coming shake-up of the leadership.

GU MU-LED DELEGATION CONTINUES JAPAN VISIT

Signs Nuclear Agreement

OW311356 Beijing XINHUA in English 1338 GMT 31 Jul 85

[Text] Tokyo, July 31 (XINHUA) -- The two-day ministerial meeting between China and Japan ended here today with the signing of an agreement on nuclear cooperation for peaceful purposes. The meeting also yielded a positive result with an exchange of notes on loaning Japanese currency to China in 1985.

Chinese Foreign Minister Wu Xueqian and his counterpart Shintaro Abe signed the agreement on the exchange of notes on behalf of their governments, respectively.

"I am full of confidence that with the signing of this, (the agreement) nuclear cooperation between Japan and China will be further deepened", Abe said.

While talking about Sino-Japanese trade imbalance which favors Japan in his concluding speech, Abe said that it is natural that some new problems should have cropped up while the relationship between the two countries is still developing on an unprecedented scale. "The important thing", he said, "is that both Japan and China should not avoid these problems. We should settle them as soon as possible through coordinated efforts."

He said the meeting had seen an exchange of views on some issues and mutual understanding between the high-ranking officials of the two governments had been reached. The foreign minister pointed out that the development of Sino-Japanese ties and the proceeding of Chinese economic construction would contribute to the stability of Asia as well as to world peace.

Gu Mu, state councillor and head of the Chinese Government delegation, said that during the two-day session, ministers of the two governments exchanged opinions frankly and came to identical views on settling ties between China and Japan. "This was very important," he said, adding that he felt confident of a satisfactory solution of those problems, "so long as we cooperate closely in our joint efforts."

Gu also welcomed Japanese businessmen to invest in China.

He said that China's open policy and its current reform in economic structure constructed a powerful impetus to push forward the friendly relations and economic cooperation between China and Japan.

Head of the Chinese Government delegation, Gu Mu made the remark at a joint press conference immediately after the conclusion of the fourth Sino-Japanese ministerial meeting which opened on Tuesday. He said that while strengthening cooperation in the fields of finance and energy, the two governments should actively seek the continued and balanced expansion of trade and promote cooperation in the fields of joint venture, transfer of technology and exchange of personnel.

In his speech, Japanese Foreign Minister Shintaro Abe expressed his confidence that problems like the current trade imbalance and sluggish Japanese investment in China will surely be solved through consultation.

Commenting on the belief among some Japanese people that China alone should be held responsible for the imbalance of bilateral trade, Gu Mu said that this opinion was unfair.

The chief representative of Chinese Government said that as far as improving the situation was concerned, China will make its effort, but the settlement of the problem depends on cooperation between the two countries.

Abe said the two-day ministerial meeting was marked by frank discussions and was fruitful.

Both Abe and Gu Mu agreed that the meeting reflected the close relations between China and Japan and was of great significance in furthering bilateral cooperation in all fields.

Tonight, Chinese Ambassador to Japan Song Zhiguang hosted a reception for the Chinese Government delegation.

Foreign Ministers Hold Talks

OM010836 Beijing XINHUA in English 0821 GMT 1 Aug 85

[Text] Tokyo, July 31 (XINHUA) -- Chinese Foreign Minister Wu Xueqian had talks here today with his Japanese counterpart Shintaro Abe on the present international situation, disarmament and bilateral relations.

Wu, member of the Chinese delegation attending the two-day Sino-Japanese ministerial meeting which ended here today, said the world tension has been relaxed somewhat since the resumption of the U.S.-Soviet Geneva disarmament talks in May. But the problem of war and peace remains major concern of the world people. This is because the danger of war still exists as the two superpowers, both possessing quantities of nuclear weapons, have not ceased their arms race.

China had hoped that the United States and the Soviet Union could resume their disarmament talks, and it further hopes that they could reach a substantive agreement on it, Wu said.

Abe said that the forthcoming U.S.-Soviet summit conference is an auspicious and welcome sign and Japan wishes the summitry successful.

On the two superpowers' race for space weapons superiority, Wu said that China's basic position is that the outer space is the common property of mankind and should be used for peaceful purposes. Therefore China opposes the development of space weapons.

He pointed out that it is China's view that the two superpowers should first stop their testing and improvement of nuclear weapons, reach an agreement on drastic reduction of their nuclear arms without harming the interests of third countries. China, as a big nation with a small amount of nuclear weapons, is ready to hold talks with other nuclear countries on complete and thorough destruction of nuclear weapons, Wu declared.

Wu invited Abe and his wife to visit China in the coming October. Abe accepted the invitation, saying that Japan will strive to boost Japan-China relations in sincerity on the basis of the related principles for developing Japan-China friendship.

On the Taiwan issue, Wu said, to solve the Taiwan problem under the "one country, two-system" formula is fair and reasonable. China's policy toward Taiwan is more generous than that toward Hong Kong. Abe said Japan has all along shown respect for and understanding of this Chinese policy.

In addition, both sides also exchanged views on such issues as Sino-U.S. relations, Sino-Soviet relations, the situation on the Korean peninsula and that in Indochina.

RENMIN RIBAO REPORTER'S NEWSLETTER FROM OKINAWA

HK301411 Beijing RENMIN RIBAO in Chinese 24 Jul 85 p 6

[Newsletter by reporter Zhou Bin: "A Visit to Okinawa"]

[Excerpts] It took 130 minutes for the airliner to fly from Osaka, the famous city in the central part of Japan to Naha, the capital city of Okinawa at the southern tip of the Japanese islands.

Mr Kitaoka, chief reporter of the JAPAN ECONOMIC JOURNAL stationed in Okinawa, who was in charge of receiving us, told us that despite the fact that the United States returned Okinawa to Japan 13 years ago, a large number of U.S. military bases remain. In addition to the bases manned by the Japanese Self Defense Forces, Okinawa can be said to be a large group of bases with an area of only 2,250 sq km. On the other hand, Okinawa has all along worked hard to develop its tourist industry. In 1984, the number of domestic and foreign tourists topped the record of 2 million. If the average expenditure of every tourist amounted to 110,000 yen, that would have brought 220 billion yen into Okinawa.

According to the Japan-U.S. security treaty and relevant accords, the United States has 119 military bases in Japan, of which 48 or 40.3 percent, are on Okinawa. These bases cover 5.72 million square meters, of which 2.34 million square meters or 44.4 percent, are on Okinawa. Such a high density of bases on a foreign island with such a dense population has rarely been seen in U.S. military history. U.S. military bases in Okinawa were mostly built in the early 1950's, and played their roles in the Korean and Vietnam wars. Later, due to the strong pressure from the Okinawan and Japanese people in their struggle against military bases, and U.S. purposely made the Japanese Ground Self Defense Forces "bear greater responsibility," and the number of U.S. military bases and their area were reduced. However, their installations and equipment have been modernized. Both the U.S. and Japanese Governments have never evaded the fact that Okinawa is an important stronghold in U.S. Pacific strategy.

The Okinawa base is an offspring of World War II and U.S. postwar policies. The frequent military exercises on the island, and the repeated incidents of U.S. troops and their dependents violating the law and discipline have seriously interfered with people's normal peacetime life. It is precisely because of this that the question of how to deal with U.S. military bases has all along been a problem of top priority facing the one million Okinawans and a most difficult problem for all previous Okinawan Governments.

Our Okinawan friends told us that under the slogan of "Return our Okinawa, return our land," the struggle of the Okinawan people against military bases has continued for the past few decades. Both Mr Nishina, governor of Okinawa Prefecture and Mr Oyadomari, mayor of Naha, repeatedly stressed on the second day of our arrival in Naha: Despite the fact that they belong to different political parties, Okinawans love peace, and held that Okinawa will genuinely developed under peaceful conditions. And we learned from the newspaper that Governor Nishina would soon leave for the United States to present the "voice of the Okinawans" to the U.S. Government, demanding that the United States consolidate security control over the bases, and seriously handle cases of U.S. troops and their dependents violating the law and discipline, and gradually reduce the bases and finally withdraw from them.

Our visit took place precisely on the 40th anniversary of the battle of Okinawa.

Our Okinawan friends especially stressed that due to their experiences they profoundly felt that they should think of not only the disasters that the "battle of Okinawa" and the atom bombs dropped on Hiroshima and Nagasaki brought to the Japanese people, but also about the fact that several decades ago Japan was a "prosecutor" which brought disaster to the Asia-Pacific area (although a handful of militarists should be held responsible). Only then will it be possible to genuinely draw a lesson from the past, and to adopt a correct road which they should, and to make contributions to safeguarding peace in Asia and the world.

The Okinawan people are pondering and marching forward. The journey they have gone through under very difficult conditions in the 4 post-war decades is very enlightening.

TV ON KOREAN WAR ARMISTICE, PYONGYANG-SEOUL TALKS

HK301032 [Editorial Report] Beijing Domestic Television Service in Mandarin at 1204 GMT on 27 July, during its regular program "The World Today," shows an announcer making the following comment prior to the showing of a 2-minute untitled feature about Panmunjom: "Dear viewers, the commemoration day of the 32d anniversary of the signing of the Korean Armistice Agreement falls on 27 July this year. After the United States launched the war of aggression against Korea in June 1950, it received heavy blows from the peoples of Korea and China. At long last it was forced to admit defeat. On 27 July 1953, representatives from the Korean People's Army, the Chinese People's Volunteers, and the United States signed the Armistice Agreement in Panmunjom, Korea. This was the first step toward the settlement of the Korean issue in a peaceful way and was warmly welcomed by peoples of all countries."

The 2-minute feature uses maps and filmclips to depict the location and history of Panmunjom, and of the Demilitarized Zone in Panmunjom. This is followed by a film clip of the 23 July preliminary meeting of the North and South Korean parliamentarians' talks in Panmunjom. During the film clip, the announcer states: "The convocation of the preliminary meeting indicates that both the northern and southern parts of Korea have taken another step toward peacefully and independently realizing national reunification." The announcer does not give the source of the film.

LI LIAN LEADS HEILONGJIANG DELEGATION TO DPRK

SE290507 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 28 Jul 85

[Text] At the invitation of the North Hamgyong provincial party committee of the DPRK, the 8-member delegation of the Heilongjiang Provincial CPC Committee with Comrade Li Lian, secretary of the provincial CPC Committee, as its leader and Comrade Liu Chengguo deputy secretary of the provincial CPC Committee, as its deputy leader left Harbin City this morning for a friendly tour of North Hamgyong Province of the DPRK. The members of the delegation include Wang Yaochen, Standing Committee member of the provincial CPC Committee and director of the Foreign Affairs Office under the provincial people's government; (Wang Zhong), Standing Committee member of the provincial CPC Committee and director of the Propaganda Department under the provincial CPC Committee; (Li Chengqing), secretary of the leading party members' group of the provincial Economic Cooperation Committee and chairman of the committee; and (Zhao Da), deputy director of the Organization Department under the provincial CPC Committee.

Seeing the delegation off at the train station were Zhou Wenhuo, deputy secretary of the provincial CPC Committee; Bai Jingfu, Standing Committee member of the provincial CPC Committee; Wang Liansheng and He Shoulun, vice governors of the province; and leading comrades from the departments concerned.

The year 1985 marks the 4th anniversary of establishing friendship ties between Heilongjiang and North Hamgyong Provinces. Over the past few years, the responsible personnel of the two provincial party committees and governments have exchanged visits many times. The friendly exchanges of the cultural, educational, and economic departments have also been carried out. The visit of the delegation led by Comrade Li Lian to the North Hamgyong Province will further promote the friendship between the two countries and the two provinces' party committees and will further develop the friendly cooperation between the two nations.

KIM TAE-CHUNG UNDER HOUSE ARREST IN S. KOREA

OW312212 Beijing KINHUA in English 1837 GMT 31 Jul 85

[Text] Pyongyang, July 31 (KINHUA) -- The South Korean authorities today deployed some 500 policemen around the residence of Kim Tae-chung, the most famous democrat in South Korea, placing him once again under house arrest, reported KCNA quoting West news agencies.

The main opposition parties in South Korea, the New Korea Democratic Party (NKDP) and the Council for Promotion of Democracy (CPD), in their respective statements pointed out that the house arrest of Kim Tae-chung is aimed at preventing him from participating in the NKDP convention set for early August in Seoul. "It is clear that the move will greatly affect the national convention of NKDP." The statements demanded the authorities lift the house arrest on Kim Tae-chung immediately.

Kim Tae-chung was under house arrest for a month after returning from exile in the United States in February this year. On March 6 the Seoul authorities lifted a ban on Kim Tae-chung and other 13 former-politicians which had prevented them from taking part in political activities. On March 15, Kim Tae-chung and another democrat Kim Young-sam became co-chairman of the CPD. They expressed their determination to struggle for realizing democracy in South Korea.

INDONESIAN OFFICIAL ON DEVELOPMENT OF TRADE

OW312031 Beijing XINHUA in English 1643 GMT 31 Jul 85

[Text] Beijing, July 31 (XINHUA) -- Sukandani Sahid Gitonardjono, president of the Indonesian Chamber of Commerce and Industry, said here today that direct Sino-Indonesian trade will make rapid progress as the two countries share the spirit of cooperation, friendship and mutual respect.

Sukandani, who is leading a 120-member trade delegation, was speaking at a return banquet given by him here this evening at the Great Hall of the People.

He held that direct trade between the two countries, which was declared July 29, would develop speedily and benefit both peoples.

The delegation has signed letters of intent during its stay here. A delegation of the China Council for the Promotion of International Trade (CCPIT) will visit Indonesia next month.

Wang Yaoting, chairman of the CCPIT, said the talks held between the delegation and Chinese departments concerned here had promoted mutual understanding and friendship, and achieved positive results in various fields.

He expressed his conviction that the trade and economic relations between the two sides had a broad future so long as they work hard and cooperate on the basis of mutual understanding and friendship.

The delegation will leave tomorrow for Shanghai and Guangzhou.

THAI NATIONAL ASSEMBLY DELEGATIONS VISIT

Shanghai Official Meets Group

OW311912 Beijing XINHUA in English 1518 GMT 31 Jul 85

[Text] Shanghai, July 31 (XINHUA) -- A delegation from the Thai National Assembly led by its president and speaker of the Senate Ukrit Wongkhomawin visited a Sino-Thai joint venture, in the company of Shanghai Municipal People's Congress Standing Committee Chairman Hu Lijiao here today.

The joint venture, Shanghai-Hk Chor Motorcycle Co., Ltd., is run by the former Shanghai motorcycle factory and the Thai Chia Tai Group, with a total registered capital of 14 million U.S. dollars, 50 percent for each side.

Ukrit wrote in the visitors' book, wishing the joint venture success.

The Thai visitors arrived here from Beidaihe, a summer resort in northern China, by special plane Tuesday afternoon. They visited the Shanghai museum in the morning and the Baoshan iron and steel complex in the afternoon and were honored at a banquet given by the Shanghai Municipal People's Congress Standing Committee tonight.

Talks With CPPCC Official

OW311855 Beijing XINHUA in English 1457 GMT 31 Jul 85

[Text] Beijing, July 31 (XINHUA) -- Yang Jingren, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met here today a Thai delegation comprising members of the National Assembly belonging to various political parties.

Yang said that the exchange of visits between the parliamentary organizations had promoted the friendly relations between the two countries. This friendship would contribute to peace in Southeast Asia, he said.

Vice-President of the House of Representatives Piyanat Watcharaphon, head of the delegation, described China as a reliable friend of Thailand. When the Vietnamese invaded his country, he said, China taught Vietnam a lesson.

He asked Yang to convey his regards to the CPPCC Chairwoman Deng Yingchao. Later Yang hosted a dinner for the visitors, who arrived here yesterday as guests of the CPPCC.

YOUTH LEADER SPEAKS AT SUMMER CAMP CEREMONY

OW270626 Beijing XINHUA Domestic Service in Chinese 1450 GMT 24 Jul 85

[Excerpts] Beijing, 24 Jul (XINHUA) -- All campers taking part in the "Summer Camp for Mainland, Hong Kong, and Macao Youth" concluded their pleasant activities and attended a closing ceremony at the Great Hall of the People this afternoon.

Yang Jingren and Kang Keqing, vice chairmen of the CPPCC National Committee, attended the closing ceremony.

Liu Yandong, president of the All-China Youth Federation, spoke at the closing ceremony. She said: The future prosperity and development of Hong Kong and Macao depend on the broad masses of the people there and the efforts of the youth with their creative work. Care and support of the mainland youth are also needed. The prosperity and development of Hong Kong and Macao, the great cause of reunifying the motherland, and the success of socialist modernization all depend on our united struggle.

The All-China Youth Federation and the All-China Students Federation, cosponsors of the summer camp, this evening gave a farewell banquet for all the campers. The campers from Hong Kong and Macao will leave Beijing on 25 July

ARTISTS ATTEND HONG KONG YOUTH FESTIVAL

OW261950 Beijing XINHUA in English 1903 GMT 26 Jul 85

[Text] Hong Kong, July 26(XINHUA) -- Fourteen local and overseas performing groups are attending the Third Hong Kong International Youth Arts Festival which opened here today. Besides those from the Chinese mainland, there are also artists from Federal Germany, Japan, Britain and the United States.

Organized by the Hong Kong Urban Council since 1983, this year's festival is not only an important program of the council's summer festival but also one responding to the International Youth Year (IYY) 1985, a spokesman for the council said.

During the 10-day festival, young artists will present an array of dance, music and drama. Meanwhile, a 3,000-strong harmonica and organ ensemble from 90 schools and community organizations in Hong Kong and Macao will be presented.

YAO YILIN MEETS IRANIAN TV, RADIO DELEGATION

OW312008 Beijing XINHUA in English 1845 GMT 31 Jul 85

[Text] Beijing, July 31 (XINHUA) -- Chinese Vice-Premier Yao Yilin met with Mohamad Hashemi, president of the radio and television organization of Iran, and his party here today.

Yao drew attention to the long-standing ties between China and Iran and welcomed economic and cultural exchanges and cooperation between them.

Chinese Minister of Radio and Television Ai Zhiheng and Iranian Ambassador to China Ali Khorram were present.

DENG LIQUN MEETS EGYPTIAN NEWSPAPER EDITOR

OW301801 Beijing XINHUA in English 1505 GMT 30 Jul 85

[Text] Beijing, July 30 (XINHUA) -- Deng Liqun, member of the Secretariat of the Chinese Communist Party Central Committee, met with Sami Dasuqi, deputy editor-in-chief of the Egyptian daily AL AHRAM, at the Great Hall of the People here today. Deng briefed Dasuqi on China's domestic situation.

HUANG HUA MEETS BURUNDI AGRICULTURAL GROUP

OW300754 Beijing XINHUA in English 0647 GMT 30 Jul 85

[Text] Beijing, July 30 (XINHUA) -- Huang Hua, vice-chairman of the Standing Committee of the Chinese National People's Congress, met here this morning with a Burundi Agricultural delegation led by Minister of Rural Development Jean Kabura.

YAN JICI HOSTS BANQUET FOR MAURITIUS VISITORS

OW312052 Beijing XINHUA in English 1649 GMT 31 Jul 85

[Text] Beijing, July 31 (XINHUA) -- Yan Jici, vice-chairman of the Standing Committee of China's National People's Congress, today hosted a banquet in Chairman Peng Zhen's name to welcome a Mauritian parliamentary delegation. The delegation led by Speaker Ajay Daby arrived here earlier today on a 10-day goodwill visit at the invitation of the NCP Standing Committee.

In his toast, Yan extended his congratulations to the Mauritian people on their success in defending their state sovereignty and developing their national economy.

He expressed his appreciation of the Mauritian Government's non-alignment policy in international affairs and its opposition to the superpower rivalry for supremacy in the Indian Ocean and its contributions to maintaining peace and stability in the Indian Ocean.

It is China's long-cherished desire and firm policy to further develop its friendly relations and cooperation between with Mauritius, Yan said.

Speaker Daby said there is a traditional cultural tie between Mauritius and China. The two countries have a lot in common in their attitudes toward state sovereignty. He thanked China for its support to Mauritius' efforts for progress and self-reliance.

CENTRAL LEADERS ATTEND ARMY DAY CELEBRATIONS

Zhang Aiping, Others in Beijing

OW312232 Beijing XINHUA Domestic Service in Chinese 1639 GMT 31 Jul 85

[By RENMIN RIBAO reporter Zhai Qiyun and XINHUA reporter Liu Huinian]

[Text] Beijing, 31 Jul (XINHUA) — The Ministry of National Defense gave a grand reception at the Great Hall of the People this afternoon to celebrate the 58th founding anniversary of the Chinese PLA.

Commanders and fighters of the whole Army are greeting the Army Day this year under the triumphant situation of structural reform and streamlining of the PLA. In a warm festival atmosphere in the banquet hall, veteran comrades and comrades who recently jointed high-level leading bodies of the Army happily got together to celebrate new victories in the building of the People's Army.

Yang Shangkun, Yang Deshi, Zhang Tingfa, Qin Jiwei, Wang Ping, Song Shilun, Chen Xilian, Ye Fei, Hong Xueshi, Dong Qiwu, and Li Jukui attended the reception.

The reception began amidst roaring applause. Zhang Aiping, state councillor and concurrently minister of national defense, presided over and spoke at the reception. On behalf of the State Council and the Central Military Commission, he extended warm congratulations to all commanders and fighters of the Chinese PLA, cadres and policemen of the People's Armed Police Force, reserves and militiamen, and comrades on the front of science, technology, and industry for national defense; high tribute to the older generation of revolutionaries who have performed meritorious services for our Army; sincere greetings to retired veteran comrades who have contributed to the building of our Army, families of revolutionary martyrs and servicemen, disabled arymen, and demobilized servicemen transferred to civilian jobs; a revolutionary salute to the frontier arymen and civilians who have fought heroically to defend the border areas; and heartfelt thanks to comrades and friends who have shown concern for and assisted the building of our Army.

Zhang Aiping said: The Chinese PLA is a great People's Army with a glorious history of fighting. In accordance with the development of the current situation at home and abroad and with a view to accelerating China's economic construction and the modernization of national defense, the Chinese Government has recently made the major strategic decision to reduce the number of troops by 1 million. This major structural reform and streamlining of the PLA is aimed at building the PLA into a well-equipped and well-trained crack Army with efficient organizations, convenient command systems, high combat effectiveness, and quick reaction abilities, and a modern revolutionary regular Army with Chinese characteristics. He called on all commanders and fighters of the PLA to earnestly accomplish, with even higher political awareness and dedication, this reform of historic importance.

Zhang Aiping said: This year marks the 40th anniversary of the victory in the world's antifascist war and China's war of resistance against Japan. The Chinese people join the people of the world in commemorating on a grand scale this occasion of great victory. We should strengthen the work of education in patriotism and never forget the grave catastrophe the aggressors brought on our motherland and our people. The Chinese people love peace and oppose war. We do not invade other countries, nor will we allow others to invade an inch of our territory. The Chinese PLA is determined and has the ability to defend the security of our motherland and the modernization program. The Chinese people will stand firm among the forces for peace and make unrelenting efforts in defense of world peace.

Attending the reception were also responsible persons of all PLA Headquarters; the Commission of Science, Technology, and Industry for National Defense; all arms and services; the Academy of Military Sciences, military academies; PLA units stationed in Beijing; and the headquarters of the Armed Police Force, including Xu Xin, Han Huaishi, He Qisong, Zhou Keyu, Zhou Wenyuan, Zhao Nanqi, Liu Mingpu, Zong Shunliu, Yan Jinsheng, Zhang Boxiang, Ding Henggao, Wu Shaoru, Liu Huaqing, Li Yaowen, Wang Hai, Zhu Guang, He Jinhong, Liu Lifeng, Liang Biye, Chen Zhongmin, Liu Zhijian, Jiang Siyi, Cao Siming, Qiu Guoguang, Yang Baibing, Yan Tongmao, Wang Yancheng, Li Xianxiu, and Li Zhengjun.

Attending the reception were also responsible persons of concerned departments and commissions under the CPC Central Committee and the State Council, Beijing Municipality, and the Chinese People's Association for Friendship With Foreign Countries, including Jiang Guanghua, Li Yandong, Zhang Wenshou, Liu Shuqing, Wang Yanchang, Zhou Jue, Yang Chen, Wei Yuming, Chen Zhaobo, He Wenzhi, Li Tieying, Zou Jiahua, Wang Rongsheng, Li Xue, Lu Zhixian, Huang Chao, and Zhou Erfu.

Also attending the reception were veteran comrades of some PLA units stationed in Beijing, representatives of former KMT personnel who crossed over to the communist side, representatives of militiamen and families of revolutionary martyrs and servicemen in the capital, and representatives of model units and heroes on the Yunnan border defense front Fan Hongqing, Xu Haidong, Qian Fusheng, Huang Zhonghu, and Xu Wenhu. Diplomatic envoys of China, military attaches of embassies in Beijing, and representatives of international organizations, and their wives, as well as foreign students studying military affairs or undergoing practical training, attended the reception on invitation.

Li Desheng in Liaoning

SK010456 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 31 Jul 85

[Text] Liaoning Province, Shenyang City, and the Shenyang Military Region jointly held an Army-civilian soiree in Shenyang City on the evening of 31 July to mark the 58th anniversary of the founding of the PLA. The soiree was held separately in six places, including the Liaoning People's Theater, the Liaoning Zhonghua Theater, and the Bayi Theater.

Attending the soiree were more than 10,000 people, including the commanders and fighters of the PLA units stationed in Shenyang City; the disabled, retired, and demobilized army men; the family members of martyrs and servicemen; and cadres from the organs concerned.

Attending the soiree were Li Desheng, member of the Political Bureau of the CPC Central Committee, Huang Oudong, member of the Central Advisory Commission; Li Guixian, secretary of the provincial CPC Committee; Qian Shuren, governor of the province; Liu Jingsong, commander of the Shenyang Military Region; Liu Zhenhua, political commissar of the Shenyang Military Region; and Li Changchun, secretary of the Shenyang City CPC Committee.

Also attending the soiree were leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial people's government, and the provincial CPPOC Committee, including Chen Suzhi, Liu Dongfan, Bai Lichen, Shen Yue, Chen Yiguang, Liu Yiyun, Wang Guangsheng, Xie Huangtian, Yang Hongguang, Gu Jingxin, Liu Zonghao, Zhang Zhiyuan, Cui Ronghan, Sun Qi, Zuo Kun, Feng Xiangsong, Lin Sheng, Zhao Qi, Wang Jiyuan, Zhang Yan, Lu Guangji, and Nie Weichun; and responsible comrades from the leading organs of the Shenyang Military Region and PLA units stationed in Shenyang City, including (Yan Jun), (Gao Ke), Cheng Zemin, (Zhang Xuecheng), Zou Yan, Zeng Yongya, (Zhu Dunda), (Xu Baoyuan), (Song Keda), (Li Haibo), (Sun Jinghua), and Ding Jianrui.

Amid the atmosphere of inseparable feelings, the army-men and civilians happily got together to jointly celebrate the anniversary of the founding of the "1 August" Army Day and to pledge to score new achievements and make new contributions to building the socialist material and spiritual civilizations. A film was presented at the soiree.

Hu Qiaomu at Jilin Soiree

SK010541 Changchun Jilin Provincial Service in Mandarin 2200 GMT 31 Jul 85

[Excerpt] On the evening of 31 July, the provincial people's government, the Changchun City People's Government, the provincial military district, and the PLA units stationed in Changchun held an Army-people soiree to celebrate the 58th anniversary of the founding of the PLA in Changchun.

Comrade Hu Qiaomu, member of the Political Bureau of the CPC Central Committee, attended the soiree. Also attending the soirees at the assembly hall of the provincial guesthouse and [words indistinct] were more than 8,000 people, including leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, the provincial CPPCC Committee, the provincial Discipline Inspection Commission, the Changchun City CPC Committee, the Changchun City People's Government, the provincial military district, and the PLA units stationed in Changchun; and representatives of all circles in Changchun City.

On behalf of the provincial and city party and government organs and the people of all circles, Chen Zhenkang, mayor of Changchun City, delivered a speech at the soiree.

Chen Pixian in Heilongjiang

SK010501 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 31 Jul 85

[Summary from poor reception] The province and Harbin City held a grand Army-civilian soiree on the evening of 31 July to warmly celebrate the 58th anniversary of the PLA's founding.

"Attending the soiree were Chen Pixian, member of the Secretariat of the CPC Central Committee and vice chairman of the NPC Standing Committee, who was making an inspection tour of the province, and Geng Biao, vice chairman of the NPC Standing Committee. Also attending were leading comrades of the provincial and Harbin City party, government and Army organizations, including Hou Jie, Chen Lei, Li Genshen, Zhou Wenhua, Li Dehe, Li He, Wang Fei, Chen Yuanzhi, Lu Guang, Wang Liansheng, Liu Zhongli, Yang Zirong, Gong Benyan, Wang Rensheng, (Ma Chumei), (Zhao Zhou), (Zhao Xuejiang), (Han Shipeng), Guo Dapeng, (Lu Fangzhu), and (Hou Licheng). Also attending the soiree were retired veteran cadres including Zhao Derun, Wang Yilun, Chen Jianfei, and Wang Huacheng. Hou Jie, governor of the province, delivered a speech."

Regional Leaders' Activities

OW311812 Beijing XINHUA Domestic Service in Chinese 1512 GMT 31 Jul 85

[Text] Beijing, 31 Jul (XINHUA) — On eve of the "1 August" Army Day, army-men and civilians throughout the country have successively held various activities to celebrate the 58th founding anniversary of the PLA, pledging to support and respect each other under the overall situation of national construction and further strengthen the unity between the Army and the government and between the army-men and the civilians in order to contribute more to accomplishment of the general task in the new period.

Over the last few days, all major military regions held discussion meetings or gala get-togethers with local party and government leading organs. Party, government, and Army leading comrades happily got together to relive old revolutionary friendships and express the sincere wish to strengthen the unity between the Army and the government and between army-men and civilians. Leading comrades of the Shenyang, Nanjing, Guangzhou, Jinan, and Chengdu Military Regions Liu Jingsong, Liu Zhenhua, Xiang Shoushi, Fu Ruiqing, You Taishong, Zhang Zhongxian, Li Jiulong, Chi Naotian, Fu Quanyou, and Wan Haifeng, as well as leading comrades of Liaoning, Jiangsu, Guangdong, Shandong, and Sichuan Zuo Kan, Han Peixin, Gu Xiulian, Lin Huo, Li Changan, Yang Rudai, and Jiang Nishuan, respectively attended the celebration activities. The Army leaders pledged to subordinate themselves conscientiously to the overall situation, vigorously support national construction, and accomplish the glorious task of building and safeguarding the motherland, while the local leaders vowed to foster a healthy atmosphere of respecting and cherishing the people's Army among the people and support the Army's reforms and building by all means. Commander Zhao Xianzhun [6392 0341 7311] and Political Commissar Li Xuanhua of the Lanzhou Military Region recently exchanged visits with Gansu provincial party Secretary Li Ziqi and Governor Chen Guangyi to discuss important matters regarding the invigoration of the economy of northwest China. The military region's leaders explained that all PLA units under the military region will work for the acceleration of construction in the northwest this year by continuing the support for key construction projects, successfully carrying out the afforestation program, and stepping up the Army-civilian activity to jointly build spiritual civilization. The Gansu provincial leaders warmly welcomed Army cadres being transferred to civilian jobs to take part in the construction of the great northwest, and pledged their total support for the Army's reduction-in-strength reorganization. They said: It is a common responsibility for the Army comrades and us to complete the task of reduction-in-strength reorganization.

Leading comrades of Beijing, Tianjin, and Shanghai Municipalities respectively attended discussion meetings of army-men and civilians or visited PLA units over the past few days to extend Army Day greetings to the commanders and fighters, retired veteran cadres, families of revolutionary martyrs and servicemen, and army-men transferred to civilian jobs. They inquired about the working, studying, and living conditions in the PLA units in order to understand their difficulties in the reduction-in-strength reorganization and the work in other fields, pledging to do their best to help solve the problems.

Gala get-togethers and other activities to salute army-men held in cities and villages throughout the country on eve of the Army Day have further deepened the close relationship between army-men and civilians. At gala get-togethers of army-men and civilians held at 9 different sites in Chengdu City on the evening of 29 July, over 10,000 commanders and fighters and people from various circles happily attended literary and artistic performances singing praises for the People's Army. The young workers of Shengli oil field recently organized a number of literary and art teams and service teams to visit various construction sites to extend greetings to ground, naval, and air force commanders and fighters taking part in the construction of the oil field in mid-summer heat. The army-men and the young workers chatted genially, expressing their determination to work together to step up the building of the "second Daqing." A fervor of supporting the Army has swept the Jiaodong peninsula in Shandong Province recently. Masses of people have visited Army barracks in Yantai, Weihai, the Changshan Liedao, and Penglai. A warm atmosphere of the Army cherishing the people and the people supporting the Army has emerged.

PLA LEADERS WRITE POEMS FOR VICTORY ANNIVERSARY

OM771439 Beijing XINHUA Domestic Service in Chinese 0257 GMT 26 Jul 85

[Text] Beijing, 26 Jul (XINHUA) -- While commemorating the 40th anniversary of victory in the antifascist world war and China's war of resistance against Japan, vice chairmen of the Central Military Commission Xu Xiangqian and Nie Songshen, who had commanded our mighty troops on the anti-Japanese battlefields, and 15 other famous veteran Army leaders in the anti-Japanese war were filled with intense feelings and wrote poems as a means of celebrating the victory with the people.

A poem with seven Chinese characters per line, written by Marshal Xu Xiangqian, is entitled "Reminiscences of the Xiangtangpu Campaign and Celebration of the 40th Anniversary of Victory in the Anti-Japanese War." In this poem, he boldly delineates the heroic scene where the 8th Route Army ambushed the aggressors at Xiangtangpu in Licheng, Shanxi. The final part of the poem, characterized by a brisk rhythm, indicates how this old anti-Japanese marshal was delighted by the advance of history and victory in the war. Even the poems' readers are inspired with such victorious feelings. The text of the poem follows:

Alarms from the lofty Taihang Shan;
Troops ambushed along the narrow path.
Suddenly, we attack, like flying dragons or leaping tigers.
Panic-stricken, the enemy flees like frightened wolves or swine.
The heaven-kissing flames of our gunfire engulf the remaining enemy.
The earth-shaking military song eulogizes our victory.
With 40 long years passing in a flash,
We are happy spring has arrived.

A poem by Marshal Nie, entitled "Reminiscences of the Triumph at Pingxingguan," recalls the Pingxingguan campaign, which he commanded. It also describes the heroic sentiments of the old marshal today, despite his advanced age. On reading this poem, we cannot help but be inspired and moved. The poem reads:

I assemble the troops and march to the front with fine strategy
To solve our country's difficulty by fighting the enemy.
The night rain dampens our men and horses;
The warm blood we shed fortifies our posts.
In this first battle, after crossing the Huang He in the east,
Our mighty forces sweep away the Japanese invaders, writing a new page in history.
Now old, I frequently recall my past experience,
And at night often look north and count the passing years.

Along with these poems, written by the two old marshals, other poems have been published in the August issue of JIEFANGJUN WENYI [LIBERATION ARMY LITERATURE AND ART]. They are poems by Xiao Jingguang, Yang Dashi, Zhang Airping, Hong Xueshi, Xu Shiyu, Xiao Ke, Yang Chengwu, Xiao Hua, Liao Hansheng, Li Jukui, Li Zhimin, Liu Zhijian, Zhong Qiguang, Mo Wenhua, and Zhang Zhen. All were noted leaders in either the 8th Route Army or the New 4th Army. Their poems not only recount their own experiences and eulogize the great victory of the Chinese nation, bought with blood and lives, but also portray the friendly feeling between the Chinese and Japanese people now that, "after all the disasters, spring has returned, and a new page of history has been written for the two peoples, who are separated only by a strip of water." In addition, their poems call for a third "cooperation between the KMT and the CPC, to leave an unforgettable event in history," and to realize the great national cause of "reunifying China." Full of sincerity, the poems are truly touching.

PLA NAVY ACHIEVEMENTS IN MILITARY TRAINING

OW310823 Beijing XINHUA Domestic Service in Chinese 0043 GMT 30 Jul 85

[By reporters Zhao Qi and Huang Caihong]

[Text] Beijing, 30 Jul (XINHUA) -- The PLA Navy's military training achievements in the first half of this year were the best ever recorded compared with corresponding periods in the past.

On the eve of "1 August," bulletins of heartening, glad tidings came, one after another, from various naval units: Most of the pilots of the Class-A regiments under the Navy's Aviation Corps have accomplished their low-level flying training missions, and set the highest score in performance of all similar types of aircraft in the country. Several hundreds of naval vessels have raised their technical and tactical levels, after participating in joint tactical training exercises at sea. Submarines have scored outstanding performances in undersea operational training over 30 days and nights. Ninety-four percent of the missiles fired by guided-missile ships for training purposes have hit their targets, thereby setting the best score ever. These training achievements scored by the Navy have been praised by leading comrades from departments of the PLA General Staff Headquarters, who are presently inspecting the Navy's training work.

In the course of reduction-in-strength reorganization, party committees at all levels in the Navy regard education and training as important. Stressing party spirit and taking the overall situation into consideration, leading cadres at various levels have tirelessly devoted themselves to promoting education and training, as well as training reform. During the first half of 1985, leading Navy comrades led 29 work groups to various naval units, academies, and schools to help direct education and training. Cadres at divisional level and above put to sea over 450 man/times to promote naval training, and some stayed on sea as long as over 40 days. Eight cadres at divisional level under a destroyer squadron in the North Sea Fleet concentrated their energies on directing vessels' joint tactical training, cadres' education, and surface ship maneuvering, teaching by personal example as well as by verbal instruction in an effort to help ship's captains improve their command ability. As a result of this help, 6 captain-trainees have received qualification certificates, and more than 300 sailors have become competent mechanics or top-rate gunners. Consequently, the squadron has improved its sea combat capability. Six cadres at divisional level in the Navy's Aviation Corps are about to retire from leading posts. They are determined to contribute more to the modernization of the Aviation Corps. They have led work teams to four flight regiments and groups, a situation in which everyone is vying to set a precedent in his unit. The veteran pilots have improved their flying skills, and the new pilots have prefulfilled their weather training flight task 4 months ahead of schedule.

RENNIN RIBAO ON DEVOTION OF HYDRAULIC ENGINEER

HK29031 Beijing RENMIN RIBAO in Chinese 19 Jul 85 pp 1, 3

[Feature by reporter Zhang Shusheng: "His Soul Remains in the Great Northwest -- Story of Weng Jiancai, an Outstanding Communist and Hydraulic Engineer"]

[Excerpts] He has fallen down, not on a battlefield thick with the smoke of gunpowder but on the frontline of the modernization drive for which he was working for all his worth. On 24 June, communist Weng Jiancai, vice president of the Gansu water conservation survey and design institute and hydraulic engineer, was on a business trip to Wuhan. He suffered a sudden heart attack and died at his post.

This son of the Zhu Jiang, who was just 48 years old, had run around everywhere along the upper reaches of the Huang He for 30 years. His only desire when he was on his deathbed was to return to the Huang He and to the northwest! There, his unfinished undertaking and millions of people were waiting for him. He was thinking of his comrades-in-arms and the native people there. ...

Weng Jiancai's family had lived in Hong Kong for generations. In the autumn of 1944, Weng's family returned to their native town -- Huanglian town, Shunde County, Guangdong Province, to get away from the outrages of the Japanese imperialists. In June 1955, he graduated from the Wuhan water conservation school. On the eve of his departure for his post, he unburdened his mind to the party and the people in his report "My Desire," saying: "I have always hoped to be tempered in places where the work is the heaviest and most difficult. If I were given a job that required me to work round the clock, I would not complain about it and would not feel tired or sleepy..." He was an excellent student of the hydraulic engineering course. He had spent his childhood in the south. Moreover, he suffered from a disease which caused his skin to be dry. With all this, he could well have asked to be allowed to stay in the south. Nevertheless, he threw himself into the embrace of the northwest.

In order to develop the undertaking of leading water for irrigation for the benefit of the people in central Gansu, he devoted himself to this arduous undertaking. In the 1950's, he worked in low-lifting pumping irrigation. In the 1960's and 1970's, he worked in medium- and high-lifting pumping irrigation. In the 1980's, he worked in gravity irrigation by leading water from other river basins. Weng Jiancai was a pioneer in leading and pumping water for irrigation in Gansu. He was responsible for, and participated in, the design of over a dozen large and medium-sized projects of leading and pumping water for irrigation, which benefit more than 1 million mu of irrigated land.

Weng Jiancai never spoke before anyone about his meritorious deeds. He was a model worker designated by Gansu Province and the Ministry of Water Resources and Electric Power. On 1 May this year, he was again awarded the glorious title of national outstanding scientific and technological worker by the All-China Federation of Trade Unions. A shining golden "1 May" labor medal was added to others previously awarded to him. He had won so much credit in his political life, made such great achievements in his work, and changed so frequently from post to post, and yet his family knew nothing about all this. For a long time, his wife and children did not, and could not, understand him. He was under the dual pressure of heavy work and the complaints of his relatives.

On 1 May this year, at a forum held by the All-China Federation of Trade Unions, at which he was awarded the "1 May" labor medal, Weng Jiancai said with emotion: "Agriculture needs water. Industry needs water. The people also need water. We must bring about a change in the water conservation work in Gansu in our generation." The undertaking of water conservation was his ideal and communism was his ideal. He devoted all his life to this noble ideal.

Commentator's Article

HK290933 Beijing RENMIN RIBAO in Chinese 19 Jul 85 p 1

[Commentator's article: "Weng Jiancai's Illustrious Name Will Live Forever"]

[Text] In June, 3 years ago, the outstanding representatives of the intellectuals, Jiang Zhuying and Luo Jianfu, left us. In June this year, a new name -- Weng Jiancai, was added to these illustrious names.

"I have always hoped to be tempered in places where the work is the heaviest and most difficult. If I were given a job that required me to work round the clock, I would not complain about it and would not feel tired or sleepy..." This was written by Weng Jiancai before he graduated from school and it has become a faithful pretrayal of how he struggled all his life. In order to change the arid situation of the plateau in the northwest, in order to develop the industrial and agricultural production in the border and remote areas, and in order to bring about a prosperous and happy life for the people on the plateau, he, during the 30 years from the 1950's to the 1980's, ate in the wind and slept in the dew, ignored hardships and difficulties, worked his heart out, sacrificed his own happiness, and dedicated his life to his undertaking. He has departed from us, but has left behind him numerous springs of sweet water, water dams, and, vast expanse of shady areas. These are monuments to his life, and the people on the plateau will always remember him.

Since time immemorial, the Huang He has nurtured countless heroes and heroines. This was true in grim and grave situations in the past and is also true today, when the modernization of country is under way. Weng Jiancai has added splendor to the heroic sons and daughters of the Huang He. It is not difficult to live and work for a few years in places where conditions are hardest, but it is not at all easy to persevere in one's chosen course for 30 years like Weng Jiancai. "We must bring about a change in the water conservation work in Gansu in our generation." His simple and unadorned words are permeated with his infinite love for the motherland, the people, and socialist construction. At present, thousands upon thousands of intellectuals have devoted their youth and talent to the border and remote areas of the motherland. With Weng Jiancai taking the lead, a great collective is advancing in the same direction.

Some comrades have said that Weng Jiancai shared many similarities with Jiang Zhuying. Indeed, this is true. However, Weng Jiancai was more fortunate, because he was already a party member during his lifetime. The party and the people had assigned him important tasks and had duly given him great honor. Anyhow, he left us too soon and, in fact, he should not have left us so soon. Judging from the plain tea and simple food he had every day, the simple and crude dormitories in which he lived, the heavy work he took up despite his illness, and his being thousands of li away from his wife and children, should we not say that the organizations concerned did not show enough concern for him? There are not too many, but too few intellectuals like him who are noble-minded and have remarkable talent in our country. These comrades have devoted themselves to their work and seldom think about their personal problems. Much less will they make any personal request. We should, and must, show even greater concern for this kind of intellectual, intellectuals working in border and remote areas in particular. When we bitterly grieved over the loss of Jiang Zhuying and Luo Jianfu 3 years ago, Weng Jiancai was standing in the ranks of the living Jiang Zhuying's and Luo Jianfu's. Today, we are mourning deeply the death of Weng Jiancai. Comrades of party organizations and departments concerned at all levels, let us endeavor to do a good job in implementing the party's policy toward the intellectuals so that the living Jiang Zhuying's, Luo Jianfu's, and Weng Jiancai's can live healthily, enjoy long lives, and do more work for the party and the people!

RENMIN RIBAO ON HEBEI RURAL STATISTICAL REFORMS

HK300731 Beijing RENMIN RIBAO in Chinese 23 Jul 85 p 2

[Report: "Over 400 People Engaged in Statistical Work in Hebei's Longyao County"]

[Excerpts] In order to meet the needs in rural economic reform, Longyao County in Hebei Province is actively reforming and improving rural statistical work.

This county has set up a rural statistical contingent of some 400 people and has ensured the timely collection of exact statistics in the rural areas throughout the county.

After the adoption of the rural production responsibility system, statistical work in Longyao County lagged behind the development of the situation. Statistical errors occurred frequently. To improve statistical work, the county party committee and the county government decided to establish a stable rural statistician contingent so as to ensure the timely collection of accurate rural economic information.

After realizing their responsibilities and mastering the professional knowledge, the statisticians throughout the county began their work enthusiastically. They went to each household in their villages or towns to collect data and combined the method of sample surveys with key-point surveys. They have not only provided various types of statistics in the county, but also provided accurate and timely economic information for all parties concerned. For example, in April this year, statistics showed that the growing area for onions in the county increased sharply to more than 50,000 mu as a result of the reduction in cotton planting area. The county immediately set up a specialized company to coordinate the production of onions and to open up markets. The company signed sales contracts with Beijing, Shanghai, and Tianjin and ensured that peasants would be able to sell their onions, thus promoting the healthy development of the rural economy.

Commentator's Article

HK300733 Beijing RENMIN RIBAO in Chinese 23 Jul 85 p 2

[Commentator's article: "Attach Importance to Rural Statistical Work"]

[Text] After the readjustment of crop planting structure, Longyao County this year increased the planting area for onions to more than 50,000 mu from last year's 20,000 mu. The county statistical network provided this information, and the county authorities promptly took measures to seek a market for the county's onion crop and properly coordinated production and marketing. This instance shows that it is necessary to have a command of accurate data of all kinds in the changing economic situation in order to guide rural economic development and to make correct decisions.

Previously, we often lacked accurate data on agricultural production and did not know the exact output of various farm products, because our rural economy was one of self-sufficiency and some people tended to exaggerate their achievements. This prevented us from making correct decisions and giving correct guidance to agricultural production. Now, the commodity economy is developing in the countryside; the purchasing and marketing system for farm produce is being reformed; and the scope of market regulation has been expanded under the guidance of state plans. All this has set out new requirements for statistical work. Statistics constitute an important part of economic information. Without attaching importance to information, we will be blind in our efforts to develop the commodity economy. Leaders at various levels in the rural areas are responsible for guiding and coordinating the development of all trades in the rural economy and for leading peasants to develop commodity production, so they must attach importance to statistical work. With effective statistical work, we will be able to have accurate data which show the changes in the production and sales of various products. This data provides us with the foundation for drawing up realistic production and sale plans and for readjusting the economic structure so as to reduce the blindness in the peasants' handling of commodity production and to ensure the sustained and healthy development of the rural economy.

Since the reform of the rural economic system, a new situation has appeared in statistical work which is now more difficult than before. In the past, the rural economy was based on collective undertakings; at present, diversified household operation has become the main form in the rural economy. In the past, all farm produce was sold to the state and the circulation channel was simple; at present, various forms of circulation have taken shape and goods are exchanged in different ways. Previously, peasants were mainly engaged in farming; but now they are engaged in a variety of trades. However, we still have many favourable conditions for making our rural statistical work a success. First, the state has promulgated statistical regulations, which provide a yardstick for our work. Second, there are a large number of high school graduates in the countryside, and they can be trained to be backbone forces in rural statistical work. Longyao County has achieved good results in this regard. Effective statistical work can only prevent false data reports, but can also strengthen the collection and transmission of information which will promote production development. All localities should learn from Longyao County's experience.

EDITORIAL ON LEADING ROLE OF STATE-RUN COMMERCE

HK310803 Beijing JINGJI RIBAO in Chinese 26 Jul 85 p 1

[Editorial: "State-Run Commerce Must Play the Leading Role"]

[Text] Now state-run commerce should play the leading role in the reform of the price system, the flexible price system for nonstaple food in particular, is a new problem to be solved in earnest.

Over a long period of time, China has enforced the state monopoly on purchasing and marketing in its commodity circulation which resulted in the monopolized operation of state-run commerce. Practice has proved that such a system has failed to promote commodity production and to meet the demand of the market. With the deepening of the reform of the economic structure, corresponding reform of the commodity circulation system has been carried out. A commodity circulation system with key cities as the center which is flexible, with many channels, fewer links and better social economic results. Is gradually taking shape. In the course of the transformation from the old to the new system, some state-run commercial enterprises have not been powerful enough in their operation, some even adopt an irresponsible attitude. The emergence of such phenomena is primarily because they lack a correct understanding of the role of state-run commerce. We should recognize that China is implementing a "planned commodity economy, but not a market economy entirely regulated by the market," and we are not to adopt a laissez-faire attitude regarding commodity production and circulation. In particular when the economic relations have not yet been well readjusted, state-run commerce should play its leading role all the more when prices become more flexible. Difficulties of state-run commerce arising in the competition of many rivals should also seek solution by changing the managerial style of bureaucratic commerce and active participation in market regulation.

Here, the "role of leadership" chiefly refers to the macroeconomic market-regulating function of state-run commerce. Some comrades hold that to strengthen leadership, state-run commerce must play the role of the "main channel," namely, it should possess absolute advantage in the quantity of operation. This is a misunderstanding. If the function of the "main channel" is overstressed, "flexibility" will become empty talk. We say, state-run commerce has two functions. One is to learn to compete with others and to implement market regulation.

The other is to play the role of regulation macroeconomically, including necessary control of commodity supply, in order to carry out regulation during slack seasons, of varieties, and of geographical differences; and to organize collective and individual commerce, local commerce, and commerce of other localities to work together, ensuring ample market supplies. At the same time, state-run commerce should work in coordination with departments concerned, and take further responsibility in giving guidance to production and consumption. For instance, calculating and arranging the balance between supply and demand, studying developing market trends, the changes in demand for consumer goods of the urban and rural people, the consumption structure and operational policies.

We should point out that with the prices of nonstable food just becoming flexible, the change should not be too sudden, and it should not go without guidance. It is necessary to grasp the wholesale market, and to ensure a rational stock of goods in order to control the volume of trade, and to stabilize prices, which is also the function of state-run commerce. This is the major problem; it is a task as well as a new problem. So long as we adhere to adopting economic means in the main, and adopting such regulation means as administrative and legal ones in a comprehensive way, change our style and learn to compete with others, it is possible to correctly bring into play the role of state-run commerce.

JINGJI RIBAO ON INCREASING LABOR SERVICES TRADE

HKX00427 Beijing JINGJI RIBAO in Chinese 20 Jul 85 pp 1, 2

[Article by Li Jun, Li Hongbo and Yan Kalin: "Scrutinize Labor Service Cooperation From the Plane of Economic Strategy"]

[Excerpts] The ever-strengthening labor service cooperation with foreign countries and the rapid expansion in the realm of trade in labor services is a new trend in the development of world trade. In any country, the development of labor service cooperation will not only increase its income in foreign exchange, and provide a greater opportunity for employment, but will advance commodity trade and extend international ties. Therefore, working with China's actual conditions to gradually blaze a new trail for the development of labor service cooperation with foreign countries from the plane of economic strategy has become a pressing task which involves the question of whether it is possible to "grasp the opportunity."

Expanding Labor Service Cooperation Is the New Trend in the Development of World Trade

Over the past 2 decades, labor service cooperation has developed very quickly in the world, and it has gradually become an area in which much can be accomplished in world trade. Beginning from the 1970s, in particular in the 1980s, the development rate of the labor service trade has exceeded that of commodity trade, and has become a constant phenomenon in world trade. At present, the world's trade volume in labor service has exceeded \$500 billion, accounting for one-fourth of the total volume of world trade. The United States takes the lead in the world trade in labor service, accounting for about 25 percent of the total value. The U.S. foreign exchange income derived from labor trade service grew by 52 percent in 1981 from 1977, and grew by 15.5 times from 1960, far exceeding the growth range of the commodity export value. The trade in labor services of developing countries has also increased rapidly. Beginning from the 1980s, the volume of annual income in foreign exchange from trade in labor services has exceeded \$17 billion, increasing by 5.5 times from a decade ago.

In conformity with the developing trend of the world's labor service trade, many countries have systematically drawn up corresponding strategies for development and measures for its promotion. For example, the U.S. Congress passed a bill on developing trade in labor services not long ago, and the Reagan administration has also approved corresponding policies for its implementation.

The Expansion of Labor Service Cooperation Will Increase Foreign Exchange Income by a Large Margin

In China's foreign trade, creating foreign exchange through export has been a relatively weak link. One of the reasons is the neglect of trade in labor services, through only paying attention to commodity trade.

Trade in labor services is an efficient channel for increasing foreign exchange income, as has been proved by the practice of many countries in opening up the world market for labor services.

However, China has not been doing well enough in this field despite its having the richest labor resources in the world (with a population of 600 million of suitable labor age). In 1984, only 47,000 people left China for contract labor service. The volume of income derived from foreign projects under contracts and labor service cooperation was about \$200 million in 1980, and it was only \$500.05 million in 1984. If China were to attain Pakistan's present level according to its proportion of population in providing labor service to foreign countries, it would bring in foreign exchange income of more than \$100 billion. This would be more than 6 to 7 times the total volume of the country's exports, which recorded an annual volume of \$20 billion in recent years [figures as published]. If even 10, or 5, or 3 million people are sent out, the volume of foreign exchange brought in will be greatly increased.

Expanding Labor Service Cooperation Will Be Favorable to the Development of Intelligence

The shortage of qualified people is keenly felt in our four modernizations, while the development of our educational undertakings takes time. The export of several million laborers makes no difference between sending a few million "students abroad" at different levels free of charge. They can come into close contact with, and have a grasp of foreign advanced knowledge in science, technology, and management, get familiar with the world market, collect all kinds of information, widen their view, and gain experience.

Expanding Labor Service Cooperation Will Provide Great Opportunities for Employment

Nearly 60 percent of the Chinese population is within working age, which is equal to the entire population of 53 African countries, and 60 million more than the entire European population. It will be rather difficult for China to solve its employment problem for some time in the future. The expansion of labor service cooperation will open a new channel for solving the problem of surplus labor.

Expanding labor service cooperation with foreign countries will relax the pressure on employment at home. There are precedents abroad. For example, a country with a population of only 40 million, Turkey, had an unemployed population of 1.56 million in 1973, and 2.12 million in 1977. In recent years Turkey has taken an active part in opening the world market for labor service, and the number of people involved in exported labor service has been maintained at a level of between 600,000 and 800,000 people, which has greatly alleviated the pressure of unemployment at home.

The general situation of the world market for labor services at present and in a comparatively long period of time in the future is: The demand for labor force continues to grow, the regions with intensive demand for labor have been gradually expanding amid a continual shift, and competition between countries in exporting labor service tends to become fiercer with each passing day. It is estimated that the demand for labor service which has been lower for some time now, will gradually grow with the ever more serious aging problem of the labor force in Western Europe and North America (Japan included), the two major markets for labor service, and will gradually recover to the original level of demand. The labor market in the Middle East has been affected by the slump in the oil market; however, these countries possess large amounts of oil dollars which they have accumulated over the years. In addition, many construction projects are under way, so they are still one of the comparatively great markets for labor services in the world. With the development of economic construction in various African countries, the region has gradually become a market for labor services with a capacity which should not be underestimated. In short, regarding the demand and developing employment of the world market for labor services, the development of China's labor service cooperation will have much to accomplish. In particular, the labor service cooperation in tertiary industry has still brighter prospects.

To sum up, the time for the further development of China's labor service cooperation with foreign countries is gradually ripening. However, there are still some confused concepts in understanding, system, and policies, such as the failure to differentiate the export of labor service in the modern sense from the "slave trade," and the "export of Chinese labor" in history, while the channel for export has been unimaginative, the form simple, and the procedures complicated, which require further solution. Problems involving ideological understanding require convincing propaganda and guidance, while problems involving the administrative system require the relaxation of policies. A series of active but steady reform measures should be gradually adopted to set up a new administrative system with varied channels, many layers and multiple forms, suited to the demand of the world market for labor services and China's strategy for developing labor service cooperation with foreign countries, in order to bring into full play China's labor resource advantages.

In addition, "shortcomings" and "losses" exist in developing the trade in labor services. In some countries, a drain of qualified people is quite possible, and has led to, or even aggravated inflation in their countries. They will be affected by the ideologies and lifestyles of those countries importing labor service. And the interests of labor in the importing countries may be affected and this may even give rise to contradictions and conflicts. But on the whole, advantages will outweigh disadvantages, and gains will outweigh losses. If what we mention above does happen, so long as problems are handled meticulously, and corresponding policies are adopted to bring forward the advantages and avoid the shortcomings, such side effects as the outflow of qualified people will not be difficult to keep under control so as to have the least effect.

LIANGMANG ON PROSPECTS FOR URBAN ECONOMIC REFORM

HK310433 Beijing LIANGMANG in Chinese No 27, 8 Jul 85 pp 24-26

[Article by Lin Chen: "Analysis of the Prospects for Urban Economic Restructuring -- Written at the Meeting To Exchange Information on Reform in 15 Cities" -- capitalized passages published in boldface]

[Text] Beginning with its very first step, the urban economic structural reform in China became the focus of world attention.

Its achievements have demonstrated that the aim of the reform's overall plan is in keeping with the trend of the times and its methods are correct and feasible. However, the urban reform is also confronted with more difficulties than the rural economic structural reform. In particular, after the credit funds and consumption funds increased too drastically, investments in fixed assets continued to swell, and other problems emerged in the fourth quarter of last year, people have become more concerned with the situation of the urban reform.

I.

What is the situation of the urban reform? During the middle 10 days of June, representatives from Beijing, Tianjin, Shanghai, Chongqing, Wuhan, Dalian, Qingdao, Xian, Shenyang, Harbin, Guangzhou, Nanjing, Changshou, and Shashi met in Shanghai to exchange information on the urban reform. Representatives from a dozen other cities including Lanzhou, Hangzhou, Changsha, and others also attended the meeting on invitation. Judging from the information people exchanged and their views on the situation, people can draw a brief outline of the urban reform.

SOME PROBLEMS WHICH HAVE EMERGED SINCE THE END OF LAST YEAR CAN NOT BE SWEEPINGLY CHARGED TO THE ACCOUNT OF THE REFORM, AND IT IS NECESSARY TO CLARIFY SOME MISUNDERSTANDINGS. This was expressed by Comrade Liao Jili, an adviser to the State Commission on Restructuring the Economic System and an expert in planned economy in our country, when interviewed by reporters at the meeting.

He said that concrete analyses should be made regarding those problems arising since last year. The excessive growth of consumption and credit funds was brought about by some improper concrete measures. It was stipulated at that time that the growth of the total credits and wages for 1985 should be based on the 1984 amount. Therefore, in order to increase the base, people vied with each for bigger bases, resulting in the situation getting out of control. However, determining these two bases is by no means a reform measure, because a similar situation happened before. Wasn't the practice of rushing to spend money by the end of a year often criticized in newspapers? Therefore, it is not justified to link this kind of fault in work with the reform and cause unnecessary ideological confusion.

HOW DO WE UNDERSTAND SOME MAJOR POLICIES ADOPTED THIS YEAR IN CONNECTION WITH MACRO-ECONOMIC CONTROL? LIAO JILI HOLDS THAT REFORM NEEDS AN ENVIRONMENT WHERE A GENERAL CONDITION IS AN OVERALL BALANCE BETWEEN SUPPLY AND DEMAND. THIS IS DETERMINED BY THE BALANCES OF REVENUE, CREDIT, AND FOREIGN EXCHANGE AND THE SUSTAINED GROWTH OF PRODUCTION. AT PRESENT WE HAVE ACCOMPLISHED THE BALANCE OF REVENUE AND THE GROWTH OF PRODUCTION, BUT NOT THE OTHER TWO BALANCES IN CREDIT AND FOREIGN EXCHANGE. THIS IS CAUSED BY THE RUNAWAY CREDIT AND CONSUMPTION FUNDS. BECAUSE OUR COUNTRY DOES NOT CURRENTLY POSSESS THE ECONOMIC MEANS TO PERFECT MACROECONOMIC CONTROL, WE MUST EMPLOY SOME ADMINISTRATIVE MEASURES WHEN NECESSARY. AT PRESENT, MEASURES TO CONTROL THE ISSUE OF CREDIT AND CONSUMPTION FUNDS BELONG TO THIS CATEGORY. THROUGH THESE MEASURES WE CAN CORRECT OUR MISTAKES, AND WE CAN CREATE THE NECESSARY ENVIRONMENT AND CONDITIONS FOR TRULY REALIZING THE TRANSITION OF THE ECONOMIC MANAGEMENT STRUCTURE FROM ADMINISTRATIVE MANAGEMENT TO ECONOMIC MANAGEMENT. THESE MEASURES SHOULD BE REGARDED NEITHER AS PROBLEMS NOR A STANDSTILL IN THE REFORM.

At the meeting, representatives from many cities were of the opinion that as far as a socialist country is concerned, an economic structural reform is a historical process. The economic reform in Hungary has been going on for over 10 years.

As far as our country is concerned, this reform is not only a reform of the ossified and closed economic management mode with a history of 30 years, but also, in a certain sense, is a reform of the feudal and traditional concepts of economy and value with a history of over 3,000 years. Regarding the difficulty and complexity of this reform, we should be mentally well prepared. The emergence of some problems or even small mistakes is not to be feared, but we lose our confidence in advance as a result, it will become frightening. In brief, OUR CONFIDENCE IN THE REFORM CAN NOT BE SHAKEN. WE MUST NOT FAIL TO REMAIN CALM WHENEVER SOMEONE CRIES "WOLF." WE SHOULD DISTINGUISH WHETHER THE PROBLEMS ARE CAUSED BY UNHEALTHY TRENDS OR BY THE REFORM ITSELF. OF COURSE, WE SHOULD BE PRUDENT IN FIGHTING THE FIRST BATTLE. HOWEVER, BEING PRUDENT IN FIGHTING THE FIRST BATTLE DOES NOT MEAN REFUSING BATTLES, NOR DOES BEING SURE TO WIN MEAN FIGHTING A QUICK BATTLE.

II.

A great amount of information acquired at the meeting shows that although the urban reform is difficult, it is still going on. The price reform has been staged on time, the wage reform is in active preparation, and other reforms have made progress to varying degrees. During this process, there are some new subjects worth discussing.

HOW TO INVIGORATE LARGE AND MEDIUM-SIZED ENTERPRISES IS STILL A PROBLEM TO BE SOLVED BY EVERY CITY THROUGH GREAT EFFORTS. Many cities have recently turned their eyes to the inside of enterprises, trying to start restructuring the management structure of large enterprises and make them flexible and properly use their decision-making powers. The Acheng relay factory in Heilongjiang Province has already adopted appointment, employment, and contract systems and abolished the lifelong post systems for cadres and workers. The responsibility system for factory directors is generally practiced in every city. Shenyang, Nanjing, Dalian, and other cities with many large enterprises have adopted the method of designating smaller accounting units to arouse the enthusiasm of enterprises from the interior, or have jointly promoted the formation of industrial groups to create conditions for invigorating large enterprises. However, generally speaking, restricted by management structures and influenced by contradictions among departments and regions at different levels, the potential of large enterprises has not yet been brought into play.

IT IS STILL RATHER DIFFICULT TO DELEGATE POWER TO ENTERPRISES, WHICH SIGNIFIES A REFORM OF THE HIGHER LEVEL MANAGEMENT STRUCTURE. IN FACT, THIS PROCESS IS ONE OF REDISTRIBUTING AND READJUSTING MANAGEMENT JURISDICTION. THEREFORE, DELEGATING POWER TO LOWER LEVELS SURELY BECOME A "BATTLE OF STORMING HEAVILY FORTIFIED POSITIONS" IN SEPARATING GOVERNMENT FUNCTIONS FROM ENTERPRISES. The methods of these 15 cities can be basically classified into three categories: First, to directly restructure management structures and fulfill the aim of delegating powers to lower levels through changing functions, as Harbin and Beijing have done; second, to follow Shijiazhuang's method of "shock reflection," in other words, the structure of an enterprise initially remains unchanged, and if they need any powers, they should contact departments concerned for it; and third, to remove "intermediate obstructions," namely, to consolidate those companies holding enterprises' powers. Since readjustment, nearly one-third of the 54 companies in Chongqing have become enterprise-like companies, and more than one-third have become business or service companies, while only 4 percent still remain administrative companies.

Some 39 enterprises there with strong developmental capability have broken away from their parent companies, while 53 enterprises have joined business or service companies. Therefore, each takes its proper place with good results. THE GUIDING IDEOLOGY OF THESE PRACTICES IS TO TRANSFORM THE FUNCTIONS OF MANAGEMENT ORGANIZATIONS BEFORE READJUSTING THEM. IN OTHER WORDS, IT IS TO WITHDRAW JOSS STICKS AND CANDLES BURNING AT A TEMPLE BEFORE TEARING DOWN THE TEMPLE.

AN IMPORTANT WAY TO JUDGE WHETHER THE COMMODITY ECONOMY IS DEVELOPING IS TO SEE WHETHER THE MARKET HAS BEEN PERFECTED. Recently some cities have set up not only non-staple food and small commodity markets, but also markets for the means of production, finance, science and technology, labor services, and so on. It seems that these cities are striving to establish a multilateral, multilevel, and initially complete market system. Over the past 5 years, the market of the means of production in Shanghai has carried out business transactions concerning various materials valued at 1.1 billion yuan with over 30,000 units across the country. Some transregional coordinated markets of the means of production have also appeared in areas like Suzhou, Wuxi, Changzhou, and Shijiazhuang. The emergence of these coordinated markets of materials has made a valuable effort to transform the traditional material distribution and management systems and change products into commodities.

FINANCE MARKETS HAVE NOT YET AMOUNTED TO ANYTHING, BUT MOVEMENTS INDICATE THAT THESE MARKETS HAVE GREAT VITALITY. Representatives from Shashi said that the economic development requires developing horizontal ties, and that the regional and departmental mentalities have long been broken, but finance is still vertically and rigidly controlled by higher levels. As capital is not circulating, it is very difficult to invigorate enterprises and cities. Shashi has prepared to hold a heart-to-heart symposium on finance to probe the possibility of setting up finance markets, including how to invigorate people-to-people finance as well as bonds, stocks, discounts, and so on under macroeconomic control, and how to carry out horizontal accommodation by making use of temporarily "idle" capital. Guangdong Province has prepared to establish local banks to accommodate capital in the Zhu Jiang Delta, and this has been approved by the higher authorities.

A LABOR MARKET HAS BEGUN TO TAKE SHAPE IN LANZHOU. As a complement to the planned employment, this market has opened up a new way to integrate productive forces with the means of production. According to incomplete statistics, Lanzhou already has more than 50 service centers (companies) specializing in introducing various short-term labor services, and has also had several spontaneous labor fairs.

ANOTHER IMPORTANT TASK IN THE URBAN REFORM IS TO MAKE A LARGE AMOUNT OF PREPARATIONS AND CALCULATIONS FOR THE PRICE AND WAGE REFORMS WHICH ARE TO BE STAGED THIS YEAR. In most participating cities, prices of farm and sideline products have already been decontrolled, resulting in brisk buying and selling. The experimental work of linking the payrolls of enterprises with their economic effectiveness on a floating basis is being carried out in an orderly way. In this regard, Wuhan has begun before the others. They are already considering how to carry out rent reform.

DURING HIS INSPECTION OF WUNAN IN APRIL, PREMIER ZHAO ZIYANG TALKED ABOUT RENT REFORM. THE GUIDING IDEOLOGY OF THE REFORM IS THAT READJUSTING RENT IS NOT TO MAINTAIN HOUSING, BUT INSTEAD, IS TO PROMOTE HOUSING SALES AND TO DIRECT CONSUMPTION TO "HOUSING," SO AS TO DIMINISH DEMANDS FOR HIGH-QUALITY GOODS. IN LIGHT OF THIS SPIRIT, SOME CITIES ARE CONDUCTING HOUSING SURVEYS. THE PRINCIPLE OF THIS REFORM IS TO STIPULATE A HOUSING STANDARD. PEOPLE WHO LIVE BELOW THE STANDARD ARE PROVIDED WITH RENT SUBSIDIES, AND PEOPLE WHO LIVE ABOVE THE STANDARD SHOULD PAY FOR THE LIVING SPACE IN EXCESS OF THE STANDARD THEMSELVES.

In addition, the question of how to strengthen the multiple functions of a city so as to make it a real economic center has aroused the interest of all cities. DURING HIS INSPECTION OF WUNAN, PREMIER ZHAO ZIYANG SAID THAT WE SHOULD HAVE A NEW UNDERSTANDING OF THE FUNCTIONS OF A CITY AND MASTER THE GUIDING IDEOLOGY AND ORIENTATION OF THE URBAN REFORM. A CITY IS NOT JUST AN INDUSTRIAL BASE, AND IT IS NECESSARY TO CHANGE THE CONVENTIONAL SELF-SERVING CONCEPT. In talking about how to further carry out the reform, many cities regarded strengthening the service functions of cities, comprehensively coordinating and organizing the functions of economic activities, and continuing to vigorously develop the tertiary industry as the main directions of attack in the reform.

It has also been learned that in order to deeply strengthen the experimental work of the urban reform, the State Council will organize a dozen work groups to help the key cities.

III.

Through the above perspectives of the reform, we can see that the urban reform is developing along a healthy road. If we study these reform measures against a more objective background, we can sort out a main line: IN TERMS OF ECONOMIC MANAGEMENT STRUCTURE, THE REFORM WE ARE NOW ENACTING AIMS TO MAKE A TRANSITION FROM THE HORIZONTAL CENTRALIZED ADMINISTRATIVE MANAGEMENT TO THE NETWORK-LIKE ECONOMIC MANAGEMENT WITH BOTH HORIZONTAL AND VERTICAL TIES. IN TERMS OF MANAGEMENT METHODOLOGY, THIS IS A TRANSITION FROM DIRECT MATERIAL MANAGEMENT TO INDIRECT VALUE MANAGEMENT. THIS IS AN IMPORTANT REFORM UNDER THE GUIDANCE OF THE THEORY OF A PLANNED COMMODITY ECONOMY.

At present, all cities are studying how to make macroeconomic control a success.

Some comrades hold that macroeconomic control generally means to control the general scale of things. As the general demands are constantly changing, the general scale of things should also change correspondingly. However, our macroeconomic control at present is not as flexible as this, and the economic levers like finance, tax revenue, and so on do not have automatic regulatory functions. Therefore, the phenomena that it will become rigid as soon as control is exercised and it will become chaotic as soon as control is removed will very readily occur. This requires us to solve, in theory, what macroeconomic control should control, and in practice, how to control. Only by basing our measures on science can we avoid the unnecessary losses caused by repetition.

Since the policies of opening to the outside world and invigorating the domestic economy have been carried out, macroeconomic control has become more difficult. IN ORDER TO ENABLE MACROECONOMIC CONTROL NOT TO RIGIDLY CONTROL MICROECONOMIC CONTROL, BUT TO RESPOND FLEXIBLY TO QUESTIONS RELATING TO MICROECONOMIC CONTROL, WE MUST ATTACH IMPORTANCE TO THE ROLE OF CONTROL IN INTERMEDIATE TERMS.

The so-called "control in intermediate terms" refers to the management of regional economics centering on cities, which is a common idea among representatives from many cities. In the future, macroeconomic control will primarily control economic levers. With a view to making levers flexible, we should choose well supporting points, which may be in key cities. BY THE END OF LAST YEAR, SHANGHAI HAD SET UP A SYSTEM FOR THE JOINT MEETING OF GENERAL ECONOMIC DEPARTMENTS, composed of the responsible comrades of the municipal Planning Committee, Finance Bureau, Tax Bureau, People's Bank, Bureau of Materials and Equipment, Labor Bureau, Industry and Commerce Administration, Commodity Prices Department, Statistics Bureau, Office of Labor and Wage Management, and other departments. ITS MAIN TASK IS TO MAKE DEPARTMENTS AT DIFFERENT LEVELS KEEP IN TOUCH WITH EACH OTHER, SO AS TO DECIDE COUNTERMEASURES IN CONNECTION WITH IMPORTANT ISSUES AND COMPREHENSIVELY APPLY ECONOMIC LEVERS. This has produced good results. In December of last year, when the consumption and credit funds were out of control across the country, Shanghai called joint meetings to analyze the situation in Shanghai. In the light of figures provided by every section, they reached a conclusion that in connection with issue of credits, revenue, expenditure, and other questions, Shanghai did not have an out-of-control situation, but did have problems in connection with the excessive growth of social groups' purchasing power and the overexpenditure of welfare funds in some units. Because the situation was clear, they adopted decisive measures to issue those funds which should be issued and control those which should be controlled. By doing so, a clear line of demarcation between unhealthy tendencies and correct policies was drawn and the problems were solved in a relatively short period of time. Recently, when discussing the "Seventh 5-Year Plan" for the municipality at the joint meeting, participants from every department made a concrete analysis from various angles and reached a conclusion that construction under the "Seventh 5-Year Plan" should not be carried out at a very high speed and its investment scale should be held within the capability of Shanghai, so as to avoid the phenomenon of "endless problems" which could arise in various departments. Comrades in Shanghai said that IF SHANGHAI COULD HAVE MORE NECESSARY ECONOMIC REGULATORY POWERS, AS A CITY CENTER, IT COULD PROVIDE GREATER UNIFYING FORCE WITH BETTER RESULTS.

IN REGARD TO MACROECONOMIC CONTROL, WE SHOULD AVOID THE PRACTICE OF "SEEKING UNIFORMITY" AS MUCH AS POSSIBLE. When consumption funds and credits are excessively issued, it is necessary for us to control them. If we do not have time to differentiate them at the beginning, it should be allowed to exercise rigid control over everything in a "uniformity-seeking way." However, afterwards we must formulate specific policies to treat them differently in light of their different situations. They hold that we should only turn off the tap which leaks but never the main valve. Ours is a large country with economic conditions different in a 1001 ways, and it seems that it will not work if we treat everything alike with no discrimination. Therefore, it is necessary to give lower levels more decision-making powers and flexibility.

In brief, the information exchanged at the meeting involving a dozen cities tells us that the reform has not stopped, nor will it. Moreover, we are still faced with new experiments and new problems. Nevertheless, we can feel a kind of indestructible confidence and power: Since we have the capability to pioneer an unprecedented reform, we must also have the capability to surmount the difficulties ahead of us. This is an inexorable trend of history -- when the wheel of history has begun to turn, it is difficult to stop!

DENG YINGCHAO SPEAKS AT DALIAN CPPCC MEETING

OW310851 Beijing XINHUA Domestic Service in Chinese 1445 GMT 29 Jul 85

[By reporter Zhao Changchun]

[Text] Dalian, 29 Jul (XINHUA) — Speaking at the opening ceremony of the Fourth Meeting of the Sixth Dalian CPPCC Committee this morning, Deng Yingchao, member of the Political Bureau of the CPC Central Committee and chairman of the CPPCC National Committee, talked on how to make political consultative work a success.

In this regard, Deng Yingchao presented the following guidelines: First, as Comrade Hu Yaobang pointed out, we must know the situation and render service, keeping each other informed. The party members in CPPCC committees, in particular, should inform other CPPCC members of the situation, propagate the party's principles and policies, and make sure relevant party documents are available to them in time. Only when they are informed of the situation and policies can they offer suggestions and contribute to the four modernizations. Second, it is hoped that the CPPCC organs will carry forward the fine traditions of exercising political supervision, making friends extensively, providing democratic consultations, and cooperating with others. Third, it is hoped that members of the CPPCC National Committee will present their views on the work of the committee, including its deficiencies and mistakes, by writing to it at any time. Deng Yingchao said: You should carefully read RENMIN ZHENXUE BAO [0086 3046 2398 0588 1032] and point out any errors, even as minor as a mistaken word. This is because "a slight mistake will finally result in a great error."

In conclusion, Deng Yingchao encouraged all members of the Dalian CPPCC Committee by saying: As Dalian is easily accessible by sea, land, and air, it has frequent international activities. When receiving visiting foreign guests, businessmen, seamen, and tourists, you should treat them sincerely, understand them, and develop friendship. You should show them the new spiritual outlook of the Chinese people under socialism.

SHIPS FACE LEGAL ACTION FOR POLLUTING SEA

OW291152 Beijing XINHUA in English 1126 GMT 29 Jul 85

[Text] Beijing, July 29 (XINHUA) — Urgent measures must be taken to end the illegal practice of dumping pollutants in the sea, an official of the National Bureau of Oceanography said here today.

The official strongly criticized ships and oil platforms which dumped oil and other pollutants, and warned that those responsible would be punished under Chinese law. Marine environmental monitoring departments had recorded several such instances this year.

The Bohai Bay petroleum-exploration zone was polluted, and monitoring planes had witnessed oil platforms discharging oil and other substances on a number of occasions. Platforms in the South China Sea had discharged large quantities of diesel slurry into the sea. These illegal deeds were now under investigation.

Monitoring planes also observed three ships in Shoujiamen Harbor, Zhejiang Province, and another three at Baoshan, near Shanghai, dumping waste oil.

Investigations by the monitoring departments have revealed that some oil platforms have neither emergency measures to control oil pollution nor chemicals to clear oil. Some do not have the correct documentation. The bureau called on the monitoring departments to step up their efforts to catch those responsible. Cases would be "handled seriously" under Chinese law, the official added.

A XINHUA commentary said that marine pollution was a threat to the fishing industry, marine life and the health of coastal residents. China had passed a law on marine environmental protection, but some ships and oil platforms and plants ignored it. The commentary called for steps to publicize the importance of marine environmental protection, and to punish the law-breakers.

INTEREST RATES ON 'SOME' DEPOSITS, LOANS GO UP

00260800 Beijing XINHUA in English 0655 GMT 26 Jul 85

[Text] Beijing, July 26 (XINHUA) -- China has decided to raise the interest rates on some categories of bank deposits and loans beginning August 1 in a move to back up the price and wage reforms, and to control the scale of investment in fixed assets.

This was announced in a decision by the People's Bank of China, the central bank. It covers the fixed savings deposits from individuals, and loans for fixed-assets investment for state and collectively-run enterprises in urban areas. The interest rate for loans for production equipment for rural enterprises will also be raised.

According to the bank's decision, the annual interest rate on six-month savings deposits is to be raised from the original 5.40 percent to 6.12 percent, for one-year savings deposits, from 6.84 percent to 7.20 percent; for three-year deposits, from 7.92 percent to 8.28 percent; for five-year deposits, from 8.28 percent to 9.36 percent; and for eight-year deposits, from 9 percent to 10.44 percent. The rate on the bank savings in renminbi by Overseas Chinese will also be raised.

The annual interest rate on loans with a maximum term of one year will be raised from the present 5.04 percent to 7.92 percent; for one-to-three-year loans, from 5.76 percent to 8.64 percent; for three-to-five-year loans, from 6.48 percent to 9.36 percent; and for five-to-ten year loans, from 7.20 percent to 10.08 percent. On loans with a minimum term of 10 years the interest rate will be raised from the present 7.92 percent to 10.80 percent.

This move will change the present situation that the interest rate for loans for fixed-assets investment is lower than those for loans for circulating funds and savings deposits, the decision said.

GU MU AT CEREMONY FOR NEW QINHUANGDAO COAL WHARF

SK010820 Shijiazhuang Hebei Provincial Service in Mandarin 2300 GMT 18 Jul 85

[Text] Through final performance assessments of its facilities, the second phase of the large coal export wharf project of Qinhuangdao Harbor has reached the targets set forth in the contract.

On the afternoon of 18 July, the Ministry of Foreign Economic Relations and Trade and the Ministry of Communications jointly held a ceremony marking the completion and operation of the project. Gu Mu, state councillor, attended the ceremony and cut the ribbon for inaugurating the project.

SATELLITE TV RECEIVING SYSTEM PASSES TEST

OM301435 Beijing XINHUA Domestic Service in Chinese 1248 GMT 29 Jul 85

[Text] Guiyang, 29 Jul (XINHUA) -- A C-band satellite television receiving system with a 6-meter antenna, designed and developed by China itself, passed an acceptable test in Duyun City of Guizhou Province today.

Composed of an antenna and a receiver, the system can beam television programs directly via a satellite. Unobstructed by high mountains and tall buildings, it can maintain normal operations in such bad weather as force-10 storms, can survive force-12 typhoons, and has an antenna efficiency of over 70 percent. The antenna is attractive in appearance and simple in structure, and can be conveniently transported, mounted, dismounted, and manipulated. The matching receiver is very light in weight, being the size of a portable tape recorder. Experts in this field believe that the successful development of this product can expand the area of television transmission in China and particularly create conditions for solving problems related to television reception in remote mountain areas.

At present, China relies on microwave relay stations to broadcast programs of the Central Television Station to some localities. This relaying process is not only costly but can result in poor reception in some remote areas. The C-band satellite television receiving system with a 6-meter antenna, jointly developed by the state-run Hongqi machinery plant, Changhong machinery plant, and Yonghua radio equipment plant under the China Zhenhua Electronics Industrial Company of the Ministry of Electronics Industry, will greatly improve the situation. The Zhenhua Electronics Industrial Company has begun to manufacture this product in small quantities.

YANG JINGREN AT MINORITY AREA ECONOMIC CONFERENCE

OM250858 Beijing XINHUA in English 0848 GMT 25 Jul 85

[Text] Beijing, July 25 (XINHUA) -- Economic development in areas inhabited by China's ethnic minorities has markedly improved in the past five years but there are still places where food and clothing is inadequate, Yang Jingren, minister in charge of the State Nationalities Affairs Commission, told a national conference here today.

Addressing the opening meeting of the national conference on economic development in underdeveloped ethnic minority areas, Minister Yang said noticeable progress had been made, the living standards of the minority people had improved and relations among the ethnic groups had been strengthened.

Total industrial and agricultural output value in these areas reached 68.17 billion yuan, in 1984, a 9.8 percent increase over the previous year and 56 percent more than in 1978. However, Yang Jingren noted that the growth rate is still much lower than the 14.2 percent national average.

The Chinese Communist Party and the State Council attach great importance to the economic development in these areas, Yang said. Over the past few years, the Secretariat of the Chinese Communist Party Central Committee has held several special meetings on work in Tibet, Xinjiang, Inner Mongolia and Yunnan. The flexible economic policies followed in the ethnic minority areas and the financial and material assistance from the central government and other parts of the country have helped break the grip of poverty, he said.

China has 55 ethnic minorities with a total population of about 70 million. The overwhelming majority of them live in the country's five autonomous regions, 31 autonomous prefectures and 80 autonomous counties or banners.

The conference, sponsored by the State Nationalities Affairs Commission, will focus on specific ways and means to speed economic development in these minority areas. Attending the conference are about 100 officials from 11 autonomous regions and provinces.

XINHUA SAYS IMPORTED PLANES SET FOR TAKEOFF

OW291329 Beijing XINHUA in English 1306 GMT 29 Jul 85

["Imported Planes Set for Takeoff" -- XINHUA headline]

[Text] Shanghai, July 29 (XINHUA) -- The Shanghai branch of CAAC, the Civil Aviation Administration of China, has imported six new passenger aircraft, which will go into service on Thursday.

Two A310 Airbuses have been bought from the European Airbus Industrie, and four Shorts 360 passenger planes from Short Brothers Company of Britain. The Airbuses, each with 228 seats, will fly between Shanghai, Osaka in Japan, Hong Kong, Beijing, and Guangzhou.

The Shorts aircraft, which can each carry 36 passengers, will fly on domestic routes between Shanghai and eight other cities, including Beijing, Nanjing, Wuhan and Jinan. China has spent one billion U.S. dollars on purchasing 14 aircraft this year, said a CAAC official.

6-DAY SYMPOSIUM ON INTERNATIONAL AFFAIRS ENDS

OW271740 Beijing XINHUA in English 1556 GMT 27 Jul 85

[Text] Beijing, July 27 (XINHUA) -- A symposium on the effect of international affairs on China's modernization drive in the second half of the 1980s closed at a ceremony here today.

Sponsored by the China Institute of Contemporary International Relations, the six-day symposium was attended by more than 100 specialists, scholars and researchers on international studies, and received 42 academic papers.

Topics discussed included the general pattern of international relations in the second half of the 1980s, policy tendencies of the two superpowers, development tendencies of West Europe, Japan and the Third World, prospects for the Asian and Pacific region and measures and policies China should take.

Founded in 1964 and with a staff of 300, the China Institute of Contemporary International Relations is attached to the State Council's International Studies Center. Since 1980, it has forged many links and carried out academic exchanges with research establishments and scholars in many countries.

SHANDONG CITIES CELEBRATE 1 AUGUST ARMY DAY*Jinan Tea Party*

SKD10645 Jinan Shandong Provincial Service in Mandarin 2300 GMT 31 Jul 85

[Excerpt] On the morning of 31 July, the Shandong Provincial CPC Committee, the provincial people's government, the Jinan Military Region, and the Jinan City CPC Committee and people's government held a tea party at the Nanjiao Guesthouse with the participation of responsible comrades of the Army and government organs to warmly celebrate the founding of the 1 August Army Day and the 40th anniversary of the victorious conclusion of the war against Japan and the world war against fascists.

Attending the tea party were Li Changan, deputy secretary of the provincial CPC Committee and governor of the province; Lu Maoseng and Jiang Chunyun, deputy secretaries of the provincial CPC Committee; (Li Jiulong), commander of the Jinan Military Region; (Chi Haoquan), political commissar of the military region; and (Song Qingwei), deputy political commissar of the military region.

Also attending the tea party were former leading comrades of the Jinan Military Region and responsible persons of the leading organs under the military region, the Air Force Units under the military region, and of the Shandong Provincial Military District, including Rao Shoukun, Li Suiying, Bai Bin, (Sun Yumin), (Wang Benchang), Lin Ping, (Cai Renshan), (Xu Sheng), (Jing Guoqiang), (Liu Hanqi), (Yang Dalun), and Liu Yude; and leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial people's government, the provincial CPPCC Committee, and of Jinan City, including Yang Xingfu, Zhou Zhenxing, Xu Shulin, Liu Zhongqian, Wang Zhongyin, Xiao Nan, Ma Shizong, Lu Hong, Ma Changgui, Ma Lianli, Song Yimin, Zhang Jingtao, Xu Leisheng, Zhao Yongbo, and Ma Zonggui.

At the tea party, Comrades Li Changan and (Chi Haoquan) delivered speeches.

Qingdao Soiree

SKD10745 Jinan Shandong Provincial Service in Mandarin 2300 GMT 31 Jul 85

[Text] On the evening of 31 July, the Qingdao City People's Government held a film-show soiree at the city people's hall to mark the 58th anniversary of the founding of the PLA.

Attending the soiree were Xu Shiyu, vice chairman of the Central Advisory Commission; Nei Fengshi, Du Ping, Tang Liang, Xiao Wangdong, Zhao Lin, and Kong Shiquan; and leading officers of the PLA units, who are on convalescence leave in Qingdao City.

Attending the soiree were almost 2,000 people, including Liang Buting, secretary of the provincial CPC Committee; Liu Peng, Standing Committee member of the provincial CPC Committee, vice governor of the province, and secretary of the Qingdao City CPC Committee; Li Zhiwen, Standing Committee member of the provincial Advisory Commission; responsible comrades from the city CPC Committee, the city Discipline Inspection Commission, the city People's Congress Standing Committee, the city people's government, and the city CPPCC Committee; leading officers of the North China Sea Fleet, the Qingdao City Garrison District, the North Naval Vessels Institute, the Qingdao City Military Subdistrict, and the Qingdao City Armed Police Force; and representatives of the old Red Armymen, the family members of martyrs and servicemen, the disabled, retired, and demobilized army men, the veteran cadres, and of the combat heroes and model army men.

Prior to the film show, the seven veteran comrades of the Central Advisory Commission cordially talked with Liang Buting, Liu Feng, Li Zhiwen, the leading personnel of the Qingdao City party and government organs and the PLA units stationed in Qingdao City. Most of these veteran comrades had fought and worked in Shandong Province before, thus, cherishing a deep affection for the people throughout the province.

A color feature film that reflects the program of revolutionizing, modernizing, and regularizing the naval forces was shown at the soiree.

FORMER SHANGHAI MAYOR WANG DAOHAN ON RETIREMENT

OWD10303 Shanghai City Service in Mandarin 0100 GMT 26 Jul 85

[Excerpts] Comrade Wang Daohan who has resigned his post as the mayor of Shanghai granted an interview to our station reporter at the Shanghai Exhibition Center this morning.

He said: The policy decision made by the party Central Committee on lowering the average age of cadres is mandatory for the development of our socialist modernization program. It affects our future in realizing the modernization program. I fully and resolutely support this policy decision. I also wish to thank the current municipal People's Congress for accepting my resignation.

He then reviewed his work during the past 5 years when he was the mayor of Shanghai. As for the work in Shanghai, the Central authorities pursue a basic policy. I believe: In the past few years, Shanghai has resolutely implemented the principles and the line laid down by the central authorities since the 3d Plenary Session of the 11th CPC Central Committee. Continuous progress has been made in Shanghai. All this should be attributed to the party and the efforts of the broad masses. I myself played only a very small part.

Comrade Wang Daohan told our station reporter that he would continue to do his best to contribute to transforming and rejuvenating Shanghai after he retreated to the second line. He said: The strategic plan for the development of Shanghai's economy approved by the State Council is a comprehensive program. To realize this program, we still need the understanding of all the people in Shanghai. I expect further progress in work related to this. You are perhaps interested in what I will do after I have retreated to the second line: 1) I will conduct some research work; 2) I will do some consulting services; and 3) I will carry out some education work, while providing myself the opportunity to study and learn more.

HAINAN OFFICIALS DISMISSED FOR ABUSING AUTHORITY

OW311507 Beijing XINHUA in English 1432 CMT 31 Jul 85

[Text] Beijing, July 31 (XINHUA) -- A number of high-ranking officials on Hainan Island have been dismissed for charges of abuse of authority following a government investigation. According to an official report made public today, they were involved in a scandal in which huge amounts of vehicles and consumer goods were imported and sold at high profits all over China.

At least three leading Communist Party and government officials from the southern Guangdong Province island have already been dismissed over the scandal, and 143 cases of criminal practice are under investigation.

The report to the State Council and the Communist Party Central Committee has been compiled by the party's Central Commission for Discipline Inspection. This follows a two-month investigation by the central commission, the Foreign Economic Relations and Trade Ministry, the General Office of the State Council and other departments.

The report said that Hainan officials abused their special powers to import goods and retain foreign exchange under the island's "open-port" designation. Local branches of the industrial and commercial bank and the agricultural bank have charged illegal fees to issue 4.21 billion yuan in loans -- one billion yuan more than Hainan's total industrial and agricultural output value last year. More than two billion of this has not yet been repaid, said the report.

Much of this money was used to fund companies which purchased foreign exchange at an inflated price from other places. Foreign exchange worth 570 million U.S. dollars was bought in this way. This was then used to buy foreign goods, which were then resold at double or triple the price to 27 provinces, autonomous regions and municipalities.

In all, Hainan officials approved the import of 89,000 motor vehicles, 2,840,000 TV sets, 232,000 video recorders and 122,000 motorcycles from January 1, 1984, to March 5, this year. Many of these goods were sold illegally at a big profit, said the report. The profits and bank-loan fees were then parcelled out in illegal bonuses to local government employees.

Local government and party committee chiefs repeatedly advocated administrative units to set up companies and carry out such business. There were as many as 872 companies engaged in profiting from reselling imported motor vehicles and other goods. Eighty-eight of the 94 departments under the administration were involved in the scandal. Certain economic criminals also participated in the illegal trade, with one individual having pocketed as much as two million yuan.

Although the State Council's Special Economic Zone Office criticized the local authorities several times since June, 1984, Hainan leaders turned a deaf ear. The activities severely violating the law and discipline had affected the state plan and the market, breached the regulations on state control of foreign exchange and the policies on credit and loans, corrupted party working practices and social morals and hit the development and construction of Hainan Island, said the report.

Guangdong Province has decided to dismiss Lei Yu, Hainan Administrative Region party vice-secretary and head of the Hainan People's Government, and to give Yao Wenna and Chen Yuyi, secretary and vice-secretary of the party committee, serious warnings. Chen Yuyi is also removed from his post of deputy head of the Hainan people's government.

The web of corruption, spreading across China, and involving some central departments must be investigated, those responsible punished and illegal income confiscated, the report added.

Lin Buo Comments

HK311514 Beijing ZHONGGUO XINWEN SHE in Chinese 1406 CNT 31 Jul 85

["Interview With Lin Buo, the Newly Appointed Secretary of the Guangdong Provincial CPC Committee, by ZHONGGUO XINWEN SHE Reporter Xie Jianan" — ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 31 Jul (ZHONGGUO XINWEN SHE) — Lin Buo, who recently became the first secretary [title as received] of the Guangdong Provincial CPC Committee, granted an exclusive interview to this reporter in his office not long ago.

"Guangdong's Open-Door Policy Will Remain Unchanged"

"Guangdong's open-door policy will remain unchanged," Lin Buo stated and came straight to the point: "Not long ago, the open-door policy was affected by some unhealthy tendencies. We have been paying attention to this problem and are now studying remedial measures. Certainly, in order to steadily develop Guangdong's economic construction, we will continue to adhere to the open-door policy."

According to last year's statistics, over 60 percent of the total amount of foreign capital used by the country as a whole was used by Guangdong (except in the area of cooperation with others in the exploitation of offshore oil resources), 90 percent of the foreign enterprises under single proprietorship were in Guangdong, and more than 90 percent of the processing of materials for foreign businessmen was done by Guangdong. Last year, Guangdong signed several thousand economic contracts with foreigners. The pursuance of the open-door policy has given impetus to Guangdong's economic development.

After sipping his tea, Lin Buo continued: "Not long ago, Comrade Ren Zhongyi was ill and I was in charge of the province's work. However, Guangdong did not even slightly change its open-door policy. Of course, we must adopt vigorous measures to resolutely correct the new unhealthy tendencies. We should give the party members and cadres a better education about ideals and discipline and more comprehensively and more satisfactorily implement the open-door policy."

"We Should Conscientiously Draw Lessons From the 'Hainan Automobile Incident'"

Concerning the "Hainan automobile incident," Lin Buo held that it was a serious case of violation against the law and discipline. He said that in the latter half of last year, some of the Hainan party and government leaders went so far as to violate the regulations of the State Council and the CPC Central Committee and earned illicit profits by reselling automobiles and other materials and goods. This was extremely wrong.

The CPC Central Committee requires Hainan Island to base itself upon its own strength, develop its strong points, and exploit its resources. Therefore, it has allowed Hainan Island to import 17 kinds of commodities to be used by the island itself. How could Hainan exploit this opportunity to resell materials and goods, create disturbance in our economy and facilitate economic crimes?!" [quotation mark as published]

In a self-criticizing tone, Lin Buo said: "This incident took place directly under the eyes of the provincial CPC Committee which is held responsible for it and has made self-criticism for it."

It has been learned that with the help of the joint investigation group organized by the CPC Central Discipline Inspection Commission, the Guangdong provincial CPC Committee has recently been handling this incident.

The day following the announcement of the new leading group of the provincial CPC Committee, Lin Buo immediately went to Hainan Island to carry out investigation and study. So far, Hainan Island has called a meeting of all cadres to conscientiously sum up experience and draw on lessons from the incident. After 3 August, the Guangdong Provincial CPC Committee will also hold a meeting of the leading cadres of all the cities and prefectures in the province to conscientiously study the CPC Central Committee's documents related to the "Hainan automobile incident" in order to correct their understanding for the work of opening up to the outside world in the future.

Lin Buo said: "The special policies toward Hainan formulated by the central authorities and the provincial CPC Committee will not change. We believe that the broad masses of cadres in Hainan will certainly learn a lesson from the 'vehicle incident' and turn the bad matter into a good matter. Hainan will still be very hopeful."

"My Original Interest Was in Becoming a Reporter"

Lin Buo was very polite and gentle. We heard that he was born in Chanan County, which is a famous hometown of Overseas Chinese and an ancient cultural county. When he was a young man, he studied in Dongshan Middle School of Neixian County where many famous and successful personages graduated. After that, he completed his education in the Arts Department of Zhongshan University. For many years, Lin Buo has worked in the district, county, prefecture and province. He said: "When I was young, my greatest interest was in becoming a reporter. When I was a student, I read a lot of Chinese foreign literature. Now I am too busy, so I read less." When saying this, he appeared regretful. But as far as we know, Lin Buo still finds some time to read books when he is not too busy. At home he sometimes discusses the writing skills of some literary works with his three sons.

Lin Buo said: "As far as hobbies are concerned, I like swimming best. I am still the honorary chairman of the swimming association of Guangdong Province! I like to do some running in the morning."

GUANGDONG SEMINAR REVIEWS INDUSTRIAL PRODUCTION

HK310825 Guangzhou HANFANG RIBAO in Chinese 25 Jul 85 pp 1, 3

[Undated report from Haikou by correspondent Li Ziyao and reporter Fan Xiangqun: "The Situation in Industrial and Communications Production in Our Province Was Fine in the First Half of This Year"]

[Text] A seminar of the directors of provincial, city, and prefectural economic commissions, which was convened in Haikou on 24 July, analysed the economic situation in the province, maintaining that the situation in the province's industrial and communications production was fine in the first half of this year.

The gross industrial output along with the realized taxes and profits increased simultaneously; there was a thriving market for "popular goods," the number of loss-incurring enterprises declined, and the amount of losses dropped.

In the first half of this year, the gross industrial output of the province was 23.16 billion yuan, an increase of 35.34 percent over the same period last year. The output of state-run enterprises listed in the budget was 9.443 billion yuan, an increase of 24.76 percent over the same period last year. The taxes and profits realized throughout the province amounted to 2.034 billion yuan, an increase of 26.71 percent over the same period last year; and the taxes and profits collected amounted to 1.365 billion yuan, an increase of 20.9 percent over the same last year.

Over the past few years, initial results have been achieved in industrial readjustment and reorganization, light and heavy industries have developed in coordination, and the development of various trades in cities and prefectures has been in balance. In the 1984-1985 sugar cane pressing period, sugar production hit a record high with an output of 1,604,300 tons, an increase of 490,000 tons over the last sugar cane pressing period. There has been a comparatively large increase in the production of leather, plastic, steel, pig iron, cement, and glass. The situation in can and ceramics production has taken a turn for the better. A bigger market has been found for forestry and chemical products. Good results have been achieved in enterprise consolidation, and 91 percent of all enterprises have passed the acceptance test. In the first half of this year, the number of loss-incurring enterprises in the province declined by 163 in comparison with the same period last year, a drop of 20.37 percent, and the amount of losses incurred dropped by 14.8 percent. The product economy has gradually changed into a commodity economy, and its adaptability and competitiveness have improved.

The participants pointed out that some enterprises in our province pay attention only to the growth of output value to the neglect of economic and social results and that the quality of some products is tending downward. In the first half of this year, the increase rate of quality stability of the major industrial products of the province was only 82 percent, a drop of 6.5 percent as compared with the same period last year, and the increase rate of top quality products dropped by 0.8 percent. The provincial Consumer Committee received some 1,400 letters of complaint from consumers, an increase of 500 over the whole period of last year. The participants maintained that instead of taking the rate of development as the target of economic work for the second half of this year, the province should persist in improving social and economic results, attach primary importance to improving the quality of products, and take effective measures to change the downward trend in the quality of products.

To improve the quality of products, it is necessary to exercise comprehensive management and to conscientiously enhance the technological and managerial level of enterprises. In carrying out quality control and the production of major products, it is necessary to get rid of formalism in the assessment of the quality of products and to a good job in basic work. It is necessary to observe the "five requirements," that is, products that are not up to standard must not be allowed to leave the factory and their output and output value must not count; raw materials and parts that are not up to standard must not be used or assembled; obsolete products that have been officially announced must not be produced or marketed; products without quality norms, without the approval of quality inspection organs, or without having quality inspection methods must not be produced; and it is impermissible to practice fraud, to palm off products inferior to what they purport to be, to make counterfeit trade marks, or to produce counterfeit products.

HUNAN SECRETARY ON INVIGORATING GRAIN PRODUCTION

HX311119 Changsha Hunan Provincial Service in Mandarin 2300 GMT 30 Jul 85

[Text] Yesterday morning, while listening to reports in Taoyuan County by secretaries of the Changde Prefectural CPC Committee and some county CPC Committees on the present rural work, Mao Zhiyong, secretary of the provincial CPC Committee, emphatically pointed out that grain production can never be relaxed and that leading cadres at various levels in the rural areas should take the overall situation into account and pay attention to agriculture, industry, and commerce in their economic work.

With regard to the problems emerging in the purchase of grain in the rural areas, he further pointed out: As the period of storing new grain has come, grain departments should do their best to make things convenient for the peasants. In some localities, peasants are standing in long lines in the sun waiting to sell their grain, while comrades of the grain shops are taking an afternoon rest and not opening their shops until 1500. This situation must be changed.

HUNAN OFFICIAL ON ABOLISHING PROVISIONAL ORGANS

HX311115 Changsha Hunan Provincial Service in Mandarin 2300 GMT 30 Jul 85

[Text] As reported by HUNAN RIBAO, in an interview with reporters on the evening of 27 July, Liu Fusheng, deputy secretary of the provincial CPC Committee, pointed out: It is necessary to make up our minds to abolish a large number of provisional organs and to conscientiously solve this problem as an important component of party rectification. From now on, departments in charge of vocational work are not allowed to form such organs at will.

On 25 July, HUNAN RIBAO frontpaged readers' letters exposing a large number of provisional organs in Longhui County and a reporters' investigation report on this problem. Comrade Liu Fusheng said: This problem, which is universal, has been brought to light in due course. Party committees at all levels should pay adequate attention to this problem.

Comrade Liu Fusheng pointed out: Provincial authorities are responsible for the consequences arising from the setting up of an excessive number of provisional organs. Under the pretext of proceeding from work requirements, departments in charge of vocational work have forced their subordinate organizations to set up counterpart organs. These departments will stop the allocation of funds and materials to their subordinate organizations that refuse to do so. This is impermissible. He demanded: Party committees at all levels should seriously study Comrade Mao Zhiyong's speech to the Fifth Hunan Provincial CPC Congress and resolutely stop setting up and upgrading provisional organs. Party and government organs directly under the provincial authorities should take the lead in reducing provisional organs. In setting up subordinate organs, it is not necessary to suit the vocation of one organ to that of the other. We should vigorously support organs at the lower levels in reducing or merging provisional organs. Various localities should learn from Huarong County and do a good job in streamlining administration.

NEI MONGGOL LEADERS ATTEND 50TH DAY FUNCTIONS

30 Jul Forum

SHD10401 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 31 Jul 85

[Excerpts] On 30 July, the autonomous regional CPC Committee and the regional people's government held a forum at the Xincheng Guesthouse in Hohhot City to mark the 50th anniversary of the founding of the PLA.

Attending the forum were leading comrades of the regional party and government organs and of the regional CPPCC Committee, including Bu He, Qian Fenyong, Tian Congming, Wu Hu, Li Shangyi, Zhou Rongchang, Ma Zhenduo, Wen Jing, Zhang Fuguo, Lin Weiran, Shen Xinfu, Li Wen, Hao Xianshan, He Yao, Sayinbayar, Bai Junqing, Zhao Zhihong, Shi Shengrong, and Han Ning.

Among those invited to the forum were Cai Ying, commander of the Nei Monggol Regional Military District; Liu Yiyuan, political commissar of the regional military district; and responsible comrades from the Headquarters, the Political Department, and the Logistics Department of the regional military district, from the PLA units stationed in Hohhot City, and from the armed police forces.

Wang Congwu, secretary of the Central Discipline Inspection Commission, was also invited to the forum. Also invited to the forum were Ting Mao, member of the Central Advisory Commission; Kong Fei, Standing Committee member of the National CPPCC Committee; and more than 50 veteran comrades who had worked in the region for many years, including Wang Zaitian, Huang Hou, Liu Chang, Peng Sihe, Zhang Rugang, Li Wenjing, (Tan Shijun), Wu Daping, Liang Yining, Zhao Zhanshan, and Wang Naishan.

At the forum, Bu He, deputy secretary of the regional CPC Committee and chairman of the regional people's government, delivered a speech.

In his speech, Bu He stated: At present, the PLA units are carrying out systematic reforms, conducting the reduction of staff numbers, and reorganizing troops. This is a big event in enhancing our country's economic construction and strengthening the building of the PLA units. The party and government organs throughout the region must actively support the program of this big event and must make a success in what we should do for them. In conducting the reduction of staff numbers and reorganizing troops, the PLA units will discharge a large number of cadres, who will be given jobs by local authorities. Therefore, our localities should take the whole situation into consideration and do a good job in making job arrangements for the cadres who have retired from the PLA units. We should make full use of these cadres in order to make concerted efforts to build Nei Monggol Autonomous Region.

At the forum, Liu Yiyuan, political commissar of the regional military district, also delivered a speech.

At the forum, the Nei Monggol song and dance and Beijing opera troupes, the military district cultural troupe, and the art troupe of the regional radio and television stations presented their literary and art performances, which were warmly welcomed by the participating comrades.

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31 Jul Tea Party

SK010345 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 31 Jul 85

[Text] On 31 July, to mark the "1 August" Army Day, the Nei Monggol Regional Military District held a tea party with the participation of more than 500 retired veteran cadres and veteran cadres who are on convalescence leave in Hohhot City.

The leading comrades of the regional party, government, and Army organs and the responsible comrades from the local departments attended the party to extend their festive greetings to these veteran cadres, including the old Red Armymen of the great revolutionary period, the old soldiers of the 8th route Army during the war of resistance against Japan, and the old fighters of the liberation war. During their many years of military life, they have made marked contributions to the maturity and growth of the People's Armed Forces. Even after their retirement, they still show concern for the building of the PLA units and enjoy the deep love and esteem of the broad masses of commanders and fighters.

At the tea party, Cai Ying, commander of the regional military district, and Qian Puyong, deputy secretary of the regional CPC committee, delivered speeches, respectively, on behalf of the party committee under the regional military district and of the regional CPC Committee and the regional people's government. In their speeches, they extended festive greetings to the participating veteran cadres and wished them, on the occasion of Army Day, happiness, good health, and long life.

5-DAY SAT CONFERENCE ENDS IN NEI MONGGOL

SK300713 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 29 Jul 85

[Excerpts] The 5-day regional conference on the scientific and technological and education work concluded in Hohhot on the afternoon of 29 July. During the conference, participants conscientiously studied the CPC Central Committee's decisions on the reform of the scientific and technical system and on the reform of the educational structure, and the speeches made by the regional party and government leading cadres at the conference. As a result, participants deepened their understanding of these two decisions, and became more confident in achieving success in reforming the scientific, technological, and educational structure.

During the conference, Comrade Zhou Hui, secretary of the regional CPC committee, delivered a written speech. He called on the party and government leaders at all levels to study the two decisions of the CPC Central Committee word by word, sentence by sentence, and paragraph by paragraph, and strive to master the essence of the guidelines of these two decisions. At the conference, (Guo Shuyuan), deputy director of the office of the scientific and technological leading group under the State Council and vice minister of the State Scientific and Technological Commission, also made a report on the current scientific and technological situation.

Attending the closing ceremony were the regional party and government leading comrades, including Bu He, Wu En, Xu Lingren, Ma Zhenduo, Wen Jing, Soyinhbayar, and Zhao Zhihong. Also attending were Kong Fei, Standing Committee member of the National CPPCC Committee; and responsible comrades of the regional departments concerned.

In his summing-up report delivered to the conference, Wu En said: The regional party and government leaders have paid great attention to the convocation of the current conference on the scientific and technological and educational work. The conference has reached the desired results. Wu En said: The reform of the scientific and technological and education structure is an important strategic plan of the CPC Central Committee as well as a profound revolution. To achieve success in the reform of the scientific and technological and educational structure, we must strengthen party leadership, the education on ideals, discipline, and the sense of party spirit, the ideological and political work, must break with the outmoded idea of looking down on knowledge and talented people, and must enhance our consciousness in implementing the two decisions.

Wu En demanded: CPC committees and people's governments at all levels should pay attention to the reform of the scientific and technological and educational structure, just as they do in grasping the economic reform. They should also change their style of work, go deep into the realities to conduct investigation and study, be meticulous in giving guidance and be bold in practice, and constantly sum up experiences in order to rapidly develop the regional scientific and technological and educational undertakings and make contributions to invigorating the region's economy.

TIANJIN'S NI ZHIFU DISCUSSES PARTY SPIRIT

SK010113 Tianjin TIANJIN RIBAO in Chinese 2 Jul 85 pp 1, 2

[Text] On the afternoon of 1 July, the Party School under the Tianjin Municipal CPC Committee ceremoniously held a rally to celebrate the 64th anniversary of the founding of the CPC. At the rally, Ni Zhifu, secretary of the municipal CPC Committee, delivered a speech on party spirit.

Attending the rally were Tan Shaoven, deputy secretary of the municipal CPC Committee; Xiao Yuan, Standing Committee member of the municipal CPC Committee and director of the Propaganda Department; Wang Xulong, Standing Committee member of the municipal CPC Committee and director of the Organization Department; Zheng Wantong, secretary general of the municipal CPC Committee.

Comrade Ni Zhifu raised three issues: 1) the significance of strengthening party spirit under the new situation; 2) what constitutes strengthening party spirit at present; and 3) how to strengthen party spirit. He said: During the past 60 years or so, our party has experienced extremely arduous and difficult struggles; has led peoples of all nationalities throughout the country to conduct the new democratic revolution, the socialist revolution, and socialist construction; and has made brilliant achievements. Although our party was seriously damaged during the 10-year turmoil of the "Cultural Revolution," our party is a tested and great Marxist political party. The main characteristics of the party ranks are a powerful and pure party spirit and great fighting strength. Ni Zhifu said: Party spirit is the foundation and key to party building, and party building is the mainstay of socialist spiritual civilization. Thus, party spirit is a basic link to both party building and the socialist spiritual civilization. Party members' spirit is a specific expression of party spirit, which can be manifested through words and deeds. In line with party spirit and the party's tasks, every party member is required to have a firm communist belief, persistently put the benefits of the party and the people above all else, be the first to bear hardship and the last to enjoy comfort, and serve the people wholeheartedly. Party members must strictly abide by discipline, fight heroically, not be afraid of hardship or death, and not hesitate to sacrifice their all for the benefits of the party and the people. In short, we should firmly keep to the stand of the principles and benefits of the party and investigate and handle problems in line with the communist world outlook and communist ideology.

Party spirit is an internal factor that decides whether or not our party and its more than 40 million members will always keep their proletarian fighting spirit young, and whether or not the party will lead the people to create a new situation in socialist modernization. Party spirit is a source of strength, since we must rely on party members and party cadres to lead the people to implement the party's line, principles, and policies.

The people usually say: The people learn from party members, while party members learn from party cadres. If our party members, party cadres, and in particular leading cadres at all levels, have a strong sense of party spirit and the correct work style, are the first to bear hardships and the last to enjoy comforts, and set an example for the people, the people will believe in, support, follow, and trust them, and the party's line, principles, and policies will take root among the masses through the efforts of party members, party cadres, and leading cadres at all levels. Therefore, it is of great importance to strengthen party spirit and to bring into play the party members' exemplary vanguard role. This is the basic link to maintain our party's advanced nature and to enhance the party's fighting strength. Especially with the current new situation, implement the open policy, and stimulate the economy, the more we should pay attention to strengthening education on party spirit and building up party spirit among party members. The entire party must pay close attention in this regard.

After that, Comrade Ni Zhifu put forth his views on what constitutes strengthening party spirit and its requirements. He said: The principle of party spirit is the basic principle of the party. A rich party spirit is related to the inner-party life in all fields. To party members and party cadres, building up party spirit means that they set strict demands on themselves in line with the regulations of the party Constitution, always be ordinary laborers and public servants of the people, and strive to be real party members and party cadres. At present, we should attach importance to the following tasks in building up party spirit:

1. We must firmly have lofty communist ideals. These ideals must not be impractical but in pursuit of real causes. At present, the key to determining whether or not party members have defined their communist ideals is to judge their attitude toward socialist modernization. Party members with firm communist ideals must certainly be dedicated to socialist modernization and resolutely support and implement the party's policies on reforms, opening to the outside world, and stimulating the economy. Ideals are the premise of achieving reforms and reforms are steps for realizing ideals. In a sense, conducting reforms and the open policy is a step toward communism. At present, we must enhance the education on ideals. We must also link this education with endeavoring to win honor for the country and a good reputation for factories, being eager to bear difficulties and solve key problems, learning from the advanced, and scaling new heights. In addition, we must link this education with the activities of the masses engaged in reforms in order to arouse the enthusiasm of the broad masses of party members and the people for loving the motherland and their posts, to enhance their sense of responsibility for being the masters of the country, and to rouse their spirit of enthusiastically making progress, going all out, doing pioneering work and being eager to conduct reforms.

2. We should conscientiously abide by the party's discipline. Unconditionally submitting to the party discipline in a concentrated way reflects the principle of party spirit of the proletarian political party in the organizational field. With regard to strengthening party spirit, we must strength a sense of party organization and conscientiously abide by party discipline.

This is an important guarantee for realizing the party's guiding principle and tasks and enhancing the party's combat effectiveness; the key to judging whether or not party organizations at all levels, all party members, and party cadres are able to unwaveringly implement the line, principles, and policies of the CPC Central Committee and to maintain a high degree of political and ideological unanimity with the CPC Central Committee, and whether or not our socialist modernization can be carried out smoothly; and a key question concerning strengthening party spirit in the disciplinary field. Party members and, in particular, party-member leading cadres should really play an exemplary role, for the broad masses of the people, of having lofty ideals and a sense of discipline.

3. We should carry forward the spirit of serving the people wholeheartedly. This is one of the important aspects of strengthening party spirit. Fundamentally speaking, the reforms that we carrying out are intended to implement the goal of serving the people wholeheartedly. In the course of reforms, party members and, in particular, party-member leading cadres are urged to serve the people with actual deeds and to always think about the interests of the people, the interests of others, and other departments. Party members should carry forward the spirit of overcoming difficulties, fearing no sacrifice, and taking the whole situation into consideration; proceed from the interests of the state and the people; be honest in performing official duties; and be the first to bear hardships and the last to enjoy comforts. Party members, no matter what posts they work at, should constantly remember such words as "serving the people." In this way, they will be able to enjoy the confidence and support of the people.

4. We should enhance understanding of the overall situation. Party members and cadres should discuss big matters, understand the overall situation, and manage their own professional work. All departments are component parts in the overall situation. If we do not clearly understand the overall situation, we will not be able to do our own work well. Party members, being factory heads (managers) or secretaries, should be representatives in safeguarding the overall interests of the party and the state, and conscientiously play a role of supervising and guaranteeing the interests of the party and the state.

5. We should carry forward the spirit of bravely and firmly assuming responsibility. In the course of fighting for communism, we must, undoubtedly, pay full attention to education on ideals and discipline, and have a correct line, principles, and policies. Otherwise, we will lose our bearings and motive force in making progress. However, only conducting education on ideals and discipline and having a correct line, principles, and policies is not enough. We must have the right spirit, carry forward the spirit of doing work solidly, do more practical work, and do our work well. We should be inspired with enthusiasm, be brave in taking responsibility utter fewer words and do more solid work, and do our work well.

Party members across the municipality and, in particular, party-member leading cadres should really foster a spirit of bravely taking responsibility and quietly immersing themselves in solid work through studies. In the course of doing solid work and conducting major construction projects, we should be good at leading the broad masses of cadres and people to strengthen and construct the ranks of party members. With regard to strengthening party spirit, we should attend to major problems in accordance with the demands of the party Constitution and seek truth from facts to solve these problems. Only by so doing can we achieve real results in strengthen party spirit and really resolve problems.

With regard to the question of how to strengthen party spirit, Comrade Ni Zhifu placed a few demands on party-member cadres:

First, we should conscientiously study Marxism-Leninism-Mao Zedong Thought. In the course of studies, we should read more classic Marxist and Leninist works and make efforts to grasp the comprehensive scientific system of Marxism-Leninism-Mao Zedong Thought. We should systematically study Comrade Deng Xiaoping's expositions on building socialism with Chinese characteristics, the party's basic knowledge, and specialized educational knowledge. In this way we will fundamentally understand party spirit; lay a solid foundation for lofty ideals; really understand and resolutely implement the party's line, principles, and policies; consciously maintain ideological and political unanimity with the CPC Central Committee; enhance the ability to distinguish and resist wrong ideas; and basically upgrade our party spirit.

Second, we should go deep into the realities of life to conduct investigation and study. In tempering ourselves with the party spirit, we must not deviate from practice, nor from the hard work in practice. The important criterion for judging whether or not a party member has a strong sense of party spirit is whether or not he has consciously and objectively applied Marxist-Leninist theory to solve the practical problems in work as far as possible. In conducting investigation, we should give consideration to the grass-roots units and go deep into the realities and the masses. In practice, we should enhance our understanding of the party line, principles, and policies and step up our sense of party spirit through hard work.

Third, we should give full play to the role of party organizations at all levels. Depending on party organizations at all levels to strengthen education on party spirit among party members originally was a good tradition of our party for strengthening the sense of party spirit among party members. At present the question is how to adopt feasible measures. In strengthening education on party spirit, we should give prominence to the major work, pay attention to practical efficiency, and give consideration to the realities of reform and the four modernizations. Under no circumstances should we let things fall into generalities, seek uniformity in all cases, and engage only in lip service. Currently, priority should be given to educating all party members in communist ideals, party discipline, and the aim of serving the people wholeheartedly in order to raise the ideological level of party members. All party members should be educated to understand what damage will be brought about by blunted ideals and relaxed discipline so that they will consciously improve their sense of party spirit. Conducting education on party spirit and tempering party members with party spirit constitute a long-term task, and thus should be carried out in a systematic and constant manner. Party organizations at all levels should make investigation and analysis of party members' ideological situation at regular intervals and strive to understand the universal ideological problems among party members so that they will have a definite object in their work. Meanwhile, in practice we should pay attention to creating and summing up fresh experiences in educating party members with party spirit and strengthening their sense of party spirit so that educational work will be conducted purposefully, systematically, constantly, and professionally, and will better suit the demands of the new situation and new tasks.

Fourth, party-member leading cadres should set an example for others. The CPC is the core of leadership for the Chinese people. Our party's leading cadres at all levels should be an example for the broad masses of party members. Under the current new situation in which reform and the open policy are being conducted, all party-member leading cadres should all the more maintain a fine mental outlook and a fine tradition. This will have special significance in strengthening the party leadership and effecting a fundamental turn for the better in party style and the social mood.

Comrade Ni Zhifu said to the comrades of the Party School: You students present at the rally today come from all fronts of the four modernizations drive, and most of you hold leading posts. In the future, some of you will perhaps step on to even important leading posts.

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However, no matter how high your positions may be, you should always remember that you are cadres of the CPC, key members to develop the cause of the party, and public servants of the people. In approaching a problem and handling affairs, you should proceed from the interests of the party and the people, place strict demands on yourselves with a standard even higher than that for an ordinary party member, and strive to set an example for ordinary party members.

In conclusion Comrade Ni Zhifu stated with feeling: I believe that as long as party members throughout the municipality make concerted efforts, consciously work in line with the demand of the party, and constantly raise their sense of party spirit, we will certainly effect a fundamental turn for the better in the party style, and then lead the people throughout the municipality to create a new situation in reform and the four modernizations.

The speech of Comrade Ni Zhifu was warmly received by more than 600 students, teachers, and staff members of the Party School.

NINGXIA DEPUTY SECRETARY SETS OUT S & T REFORM TASKS

HK310903 Yinchuan NINGXIA RIBAO in Chinese 21 Jul 85 p 1

[Report: "The Autonomous Regional Scientific and Technological Committee Holds a Report Meeting on Reform of the Science and Technology Management System -- Comrade Hei Boli Attends the Meeting To Listen to Reports and To Make a Speech"]

[Text] In an effort to sum up experiences and stimulate the development of the reform of the science and technology management system in our region, the autonomous regional Scientific and Technological Committee held a report meeting on reform of the science and technological management system.

Hei Boli, deputy secretary of the regional CPC Committee and chairman of the regional people's government, and the leading comrades of the regional departments concerned attended the meeting. At the meeting, various units, including the Ningxia Research Institute of Architectural Engineering, reported on the progress of and the experiences gained in the reform of the scientific and technical setups in their units.

Comrade Hei Boli spoke at the meeting. In his speech he first affirmed the achievements scored by various scientific research units in reforming the scientific and technical setups and praised all the scientists, technicians, workers, and other employees of the Ningxia Research Institute of Architectural Engineering for their spirit of exploration. Then, he laid down some requirements for the reform of the scientific and technical setups in our region.

First, continued efforts should be made to conscientiously study the decision of the CPC Central Committee on reform of the science and technology management system, to grasp the spirit of the document, and to make clear the aim of the reform. The fundamental aim of the scientific and technological reform is to enable the immediate and extensive application in production of scientific and technological achievements, to bring into full play the role of scientists and technicians, to enormously liberate the productive forces in science and technology, and to stimulate economic development. All acts conducive to this aim must be vigorously supported and those departing from this aim must be rectified. In carrying out scientific and technological reform, we must rely on the conscious action of scientists and technicians. Egalitarianism and the practice of "everybody eating from the same big pot" must be resolutely discarded. Scientists and technicians should be encouraged to go deep into the realities of production and to score greater and better achievements. We should give abundant rewards to scientists and technicians who have made outstanding contributions in order to bring about an excellent situation marked by people making the best possible use of their talents and vying with each other to make contributions.

Second, we must be both energetic and prudent in carrying out reform of the science and technology management system. The experiences gained by the research institute of architectural engineering deserve recommendation. We must be realistic in doing everything and so we must in carrying out reform. All institutes should reassess themselves, thoroughly analyze their strong points and development capabilities, explore their own ways, sum up their experiences, and encourage scientists and technicians to pool their wisdom and strength and to make a success of the reform in their units. We should be firm in carrying out reform but the steps we take should be reliable. The decision of the CPC Central Committee pointed out that "it is necessary to respect the creations of grass-roots units." This makes it necessary for all research units to proceed from actual conditions, to bring about a rich and varied reform situation, and to create more experiences.

Third, the departments concerned in the autonomous region should coordinate with one another in actively supporting the reform in various scientific research units and in providing good services. Leading cadres should conduct investigation and study, follow new developments, and solve new problems as soon as they are discovered. It is necessary to extend the decision-making power of research institutes and to refrain from exercising excessive intervention and rigid control. Research units that energetically carry out reforms should be given preferential financial and taxation treatment in accordance with the provisions of the documents of the central and autonomous regional authorities. Restructuring the science and technology system is a major event for the whole party. All of us should care for it voluntarily and offer meticulous guidance so that it can proceed smoothly.

Fourth, it is necessary to persist in conducting education in ideals and discipline, to draw distinctions in accordance with the party's policy, and to be bold in carrying out reform. Realizing communism is our firm and unshakable ideal. Only by adhering to such an ideal or conviction is it possible to prevent the reform from losing its bearings and to provide it with a powerful motive force. This is crucial to the success of failure of the reform. Moreover, we should also integrate the ideal of communism with the existing policies, draw distinctions in accordance with the party's policy rectify unhealthy practices, and boldly carrying out reform. We should not dampen the enthusiasm of the masses but should protect their growing zeal for reform.

SHENZHEN'S ZOU ERKANG ON SUCCESSES, PROBLEMS

HK280444 Hong Kong TA KUNG PAO in Chinese 26 Jul 85 pp 4-5

["Special Interview:: "Zou Erkang Speaks on a Number of Problems in Shenzhen's Development"]

[Text] The statements made recently by some central leaders on the Shenzhen Special Economic Zone (SEZ) evoked repercussions among press circles. Instantly there emerged various views or statements on the Shenzhen SEZ -- some people said Shenzhen depends on "blood transfusions" from the state for its development; others said Shenzhen made a fortune by black-marketeering in foreign exchange; and still others even argued the construction of Shenzhen is wrong.

What does the real situation in Shenzhen look like? Is the development of Shenzhen devoid of merit? Has Shenzhen developed to such an extent that it cannot forge ahead any longer with its construction? With these questions in mind, this reporter interviewed Zou Erkang, the person in charge of Shenzhen City.

Successes Have Been Made in the Last Few Years

Zou Erkang first stated his views on the background of the statements made by Deng Xiaoping on many occasions that evoked strong repercussions among press circles. He said: After inspecting the construction of the Shenzhen SEZ in 1984, Deng Xiaoping wrote an inscription for Shenzhen, affirming that the policy of establishing SEZ's was correct and recently he stated his views on the zone on two occasions when he received foreign guests in Beijing. Zou Erkang said: In our understanding, the recent statements by Deng Xiaoping are identical in meaning, that is, the construction of the Shenzhen SEZ over the last few years is a success. However, running SEZ's is an experiment and there are still many new problems in the future that need continued exploration and solution. This is an objective assessment. With their continued development of the SEZ's, we will be confronted with more and more problems. At present we are faced with the problems of turning industries into "export-oriented" undertakings, striking a balance between revenues and expenditures in foreign exchange in imports and exports, and how to help Shenzhen preserve a sound general mood in society in the course of opening itself to the outside world. No matter what happens, China's adherence to the general orientation of opening up to the outside world will definitely not change. We can see this determination from the recent statements by the central leaders. We re-adjusted some irrational aspects of our policies and some of our practices so as to ensure the construction of the SEZ's will develop more healthily and at a faster rate. Deng Xiaoping's statements have placed greater responsibilities on us, workers of the SEZ's. From now on, we must be more prudent, work harder, and run the SEZ's successfully. At present Shenzhen is taking up and solving the problems of second-line management and SEZ currency, of turning industries into "export-oriented" undertakings, and of bringing into play its role as a "window in four aspects." The problem of withdrawing from and doubting the open-door policy is nonexistent. The allegation by some specific individuals that Shenzhen has come to a standstill with its development is but a groundless accusation.

The View That the Shenzhen SEZ Has Been a Failure Does Not Tally With the Facts

Some people say the Shenzhen SEZ has failed. This reporter asked Zou Erkang about his views on the matter. He held: It does not tally with facts.

He said: To gain a clear idea of the matter, we should take an objective approach toward what is going on in Shenzhen and not base conclusions merely on some fragments. Let us have a look at the following developments and then we can find out how the Shenzhen SEZ is being run.

Zou Erkang said: Shenzhen was formerly a small, economically backward border town where people found it difficult to make ends meet. In 1978, Shenzhen's industrial and agricultural output totaled 170 million yuan in renminbi, with the average per capita income being just 130 yuan. It needed state subsidies for financial use every year. In 1979, the Shenzhen SEZ was established against such a background. It must be admitted that in the early days of the establishment of the SEZ's, we were not quite clear about how to run the SEZ's and therefore, the construction of Shenzhen was started with the real estate sector. In 1980, the central authorities gradually decided that Shenzhen should be run as a comprehensive special economic zone with the stress on export-related industries. In 1981, a comprehensive plan was worked out for Shenzhen and on its 170 square kilometers of land capital construction (seven opening-ups and land levelling) was carried out section by section. At present Luohu, Shenzhou, Nantou, and Shuangbu Districts, an area covering more than 40 square kilometers of land that were developed first, have begun to take shape as a modern city. Now the economic prosperity and stable public mood prevailing in the Shenzhen SEZ has created a favorable environment at the border area.

He stressed: The aim of establishing the Shenzhen SEZ was to create a sound investment environment and absorb foreign investment and not merely to add a new modern city to the map of China. The construction of so many high-rise buildings is aimed at creating conditions for attracting foreign investment and not at attracting others' admiration. If today's Shenzhen was still a place like it was 3 years ago, a place where "one had to sit on the back of a bicycle to go hold trade talks," who would be willing to do business with us here? We must ensure the investors live in high-class residential units or villas, have good food and drinks, and ride in sedans.

Blind Investment in Construction Projects Is Avoided

Some people say at present Shenzhen is concentrating on construction growth rates and, while its economic capability is in the process of formation, it has built theaters, museums, and a television station. This is a manifestation of impracticality. Zou Erkang expressed disagreement to the view. Shenzhen was a small town in the past, where cultural facilities and public utilities were extremely inadequate. Today hundreds of thousands of people have come to Shenzhen to take part in the construction of the special zone. We must provide them with cultural facilities and places for recreation and rest. Moreover, before starting a project, Shenzhen always gives first consideration to its ability to repay and has never made blind investments in construction projects.

He said: To date, Shenzhen has signed contracts with overseas firms or businessmen totaling U.S. \$2.6 billion in investment, of which \$700 million has been put to practical use in investment. This figure is far from meeting the requirement of absorbing \$7 billion in investment by the end of the century as scheduled. Just 3 years have passed since the construction of Shenzhen was really undertaken in 1983. The achievements it made in such a short span of time are contrary to our expectations.

A reporter from Shenzhen raised the question of Shenzhen's dependence on the "blood transfusions" from the state to Zou Erkang. The latter said: Since its establishment, the Shenzhen SEZ has carried out capital construction in a big way in Luohu, Shenzhou, Shuangbu, and many other functional districts, an area covering 40 square kilometers.

The amount of money needed to complete a square kilometer of "seven opening-ups and land levelling" was 100 to 120 million yuan (renminbi, the same below). The zone has invested 5 billion yuan in capital construction so far. This amount of money came from the foreign banks from which Shenzhen borrowed and foreign investors and it is not at all "blood transfusions" from the state.

The Central Authorities Only Provide Policies, Not Money

He said: Shortly after the establishment of the SEZ, our country was in a period of economic readjustment. The central authorities clearly stated that they only provided policies guiding the construction in Shenzhen, but would not give money. The central authorities also stated that Shenzhen could carry out its construction by relying on the four policies of making use of foreign capital, bank loans, cooperation with the construction in the interior, and local financial revenues before 1985 that would not be turned over to the higher authorities (the time limit has been extended to 1990). Guided by such a spirit, Shenzhen spent 3.5 billion yuan on capital construction by last year. This year it will spend 1.5 billion on capital construction (according to the original plan, 2.5 billion would have been spent on capital construction, but a later decision reduced the amount by 1 billion). In other words, a total of 5 billion yuan will be spent on capital construction. The state has allocated 120 million yuan for building the administrative line (second line) of the Shenzhen SEZ, and the banks have provided Shenzhen with loans valued at 1.2 billion yuan. Beside all this, we got the rest from investments made by foreign businessmen and other provinces and cities of the interior in Shenzhen.

He said: We have to pay back the capital plus interest for the 1.2 billion yuan bank loans. At present, we are paying them back gradually. It is expected that by 1990, we may pay back all the money we have borrowed for capital construction.

Making Money From Outsiders and People From the Interior as Well

With regard to criticism made by some people that Shenzhen makes money out of the people from the interior, Lou Erhang said that the criticism was not completely correct. He said: In the 5 years since its establishment, the Shenzhen SEZ has rapidly increased its local financial revenues. Last year it was expanded to 500 million yuan from the previous 20 million yuan. It is expected that it will reach about 600 million yuan this year. From the viewpoint of economics, we get the revenues by making profits. Whose money do we earn? We make money from foreigners, Hong Kong people, people from the interior, and the local residents of Shenzhen as well. One point we should explain is that now enterprises run by the interior are also making money in Shenzhen. At present, there are several hundred enterprises and companies run by the interior in Shenzhen. These units make money in Shenzhen. In other words, operators may make money on the Shenzhen market. There is no problem of us making money from outsiders. Several departments concerned of Shenzhen City have made investigations on the business situation of the enterprises run by the interior in Shenzhen. The results of the investigations are convincing. Let us take 1982 as an example. Shenzhen's financial revenues were 160 million yuan, whereas enterprises run by departments of the central government and other provinces and cities made a profit of 170 million yuan. The profits made by both sides were almost the same. This proportion has remained unchanged to date. Since they know that they can make money in Shenzhen, various economic units of various provinces and cities and the central government have run factories and enterprises in Shenzhen one after another.

Enterprises Run by the Interior Also Make Money From Shenzhen

Zou Erhang said: Examining the matter from another angle, we may also say that enterprises run by the interior also make money from the Shenzhen residents. At present, there are 190,000 construction workers employed in Shenzhen from other provinces and cities in the interior. They are working for construction companies run by various provinces and cities. In recent years Shenzhen has spent more than 3 billion yuan on investments in capital construction. The funds were spent on building materials, other necessary expenditures, and the wages of workers from the interior. The rest was the profit of the various construction units. The profits they earned accounted for about 30 percent of the total amount.

Zou Erhang also said: Most enterprises run by foreign businessmen in Shenzhen also make profits. According to recent investigations, 80 percent of the enterprises run by foreign capital and Sino-foreign joint ventures, which have gone into operation, are making profits. The reason the other 20 percent of the enterprises have not made profits yet is that they are still carrying out trial production. All this shows that after its economic structural reform, the development of Shenzhen conforms with the laws of the commodity economy. It has attached importance to economic results. Therefore, it has become a place where people can create wealth and each has a role to play.

Rapid Industrial Development and Its Bright Prospects

When the discussion on this topic came to an end, this reporter told Zou Erhang: Some people believe that the prosperity of Shenzhen today is based on entrepot trade, but its industry is weak. In its commercial activities in recent years, Shenzhen has wasted a great amount of the state's foreign exchange. Therefore, it has been criticized by central authorities.

Zou Erhang said: Judging from the economic situation of Shenzhen as a whole, its industrial base is weak. But now its industry is developing most rapidly, and the prospects are bright. Before 1979, the industrial output of Shenzhen, which was mainly based on the industrial production of Baoan County as a whole, was only 60 million yuan. The biggest factory in the county was a farm tool repair plant. Due to the development in recent years, Shenzhen's total industrial output rapidly increased to 1.8 billion yuan last year. Industrial output for the first half of this year was close to 1.3 billion yuan. As long as we continue to make efforts, it will reach 2.5 billion this year. In other words, during a 6-year period from 1979 to 1985, the total industrial output of Shenzhen has increased 40-fold.

Mainly Developing Modern Industry

He stated: This does not mean we are perfectly satisfied with industrial development in Shenzhen. But the criticism that Shenzhen makes money by relying on entrepot trade is not completely correct. Over the past few years, Shenzhen has followed a guiding principle of mainly developing modern industry. After this guiding principle was defined, the Shenzhen authorities spared no effort to grasp industry. As far as industrial development is concerned, a period of time is needed between importing capital and facilities and actual production. We will encounter numerous difficulties during this period and many objective conditions are needed. Judging by the present situation, Shenzhen's economy is not as fragile as some people have criticized. Due to the fact that we have done a solid job in recent years to develop industry, industry has become a pillar of Shenzhen's economy, the building industry in particular.

Three Kinds of Industrial Set-Ups

While talking about the problem of balance between revenues and expenditures in foreign exchange, Lou Erhang said that it could be solved by industrial development. There are three kinds of industrial set-ups in Shenzhen: 1) wholly foreign-owned enterprises, such as (Sony) Company, (Carrier) Company in Sheshu, and (Chung Shan) dyeing and textile mill, and others. These companies import their raw materials, and handle their own production and sale of products. There is no problem with regard to the balance between revenues and expenditures in foreign exchange. Shenzhen may get an income from them in foreign exchange through levying taxes on them. 2) Enterprises run by Sino-foreign joint ventures. The economic situation of these enterprises is similar to that of wholly foreign-owned enterprises. They do not face any difficulties. 3) In recent years, state-operated enterprises run by various ministries and commissions of the central government and various provinces and cities have used their own foreign exchange to import recorder and television spare parts and components to assemble them into finished products. These products are unable to compete with products manufactured by Japan and some other developed countries on the international market. These products can only be sold at home for renminbi. Their entire business is subsidized by the state with foreign exchange. The Shenzhen authorities have discovered this problem and made a decision on it: These factories, enterprises, and companies, which cannot maintain their balance between revenues and expenditures in foreign exchange, should adopt measures to "change their direction." According to statistics, these problem factories are mainly electronics factories. They account for 70 to 80 percent of the total number of state-operated factories in Shenzhen. Through readjustment and consolidation over a period of time, these factories have improved their situation in the sale of products. In the past, 30 percent of their products were for export, and 70 percent were sold on the domestic market. Now, 40 percent of their products are for export, and 60 percent are sold at home.

Stressing Achievements Does Not Mean That We Have No Shortcomings

Lou Erhang said again: Of the total industrial output value of 1.8 billion yuan last year, wholly foreign-owned enterprises and enterprises run by Sino-foreign ventures accounted for 54 percent, whereas state-operated enterprises only accounted for 40 percent or so. Under such circumstances, it is good enough for these enterprises to export 40 percent of their products and sell only 60 percent of their products at home. In the future, Shenzhen will no longer subsidize these factories with foreign exchange. They should try to gradually "export all their products." As far as tourism is concerned, our balance between revenues and expenditures in foreign exchange can be maintained. It is because our tourists are mainly Hong Kong and Macao compatriots and foreigners. We get income from them in foreign exchange.

Lou Erhang stated: Stressing the achievements in the construction of the Shenzhen SEZ does not mean that we have no shortcomings, problems, or difficulties. He said: Some people have predicted that the development of Shenzhen in the future will be affected by the protectionism of some foreign countries, the worldwide economic recession, the changes of investment conditions in Shenzhen, and so on. This is an objective prediction. He personally believed that as long as Shenzhen continues to exert its efforts, these difficulties can be overcome. For example, as long as we follow a down-to-earth manner to improve our product quality and manufacture some truly high-quality products, the products of Shenzhen may smoothly enter the international market and the barriers set by foreign protectionists will thus be removed. There are some successful experience in this respect.

For instance, the United States is the automobile king. However, Japanese-made automobiles have opened up the U.S. market. At present, Shenzhen is actively holding talks on the import of industrial items that need advanced technology and knowledge. We will strive to complete some large items by the end of 1990. We hope that Shenzhen will have large, modern enterprises like Japan's Mitsubishi automobile manufacturing plant. They will help Shenzhen enhance its level of industrial development.

The Problems of Wages and Investment Enthusiasm

Zou Erhang admitted that the consumption level and workers' wages in Shenzhen are higher than other cities in the interior. This will affect the enthusiasm of some investors to a certain extent. He said: The present consumption level and workers' wages are higher than other areas of the interior, but they are lower than in Hong Kong. Under such circumstances, some small factories and enterprises that "provide materials, parts, and samples for processing on the basis on compensation trade" will be mostly affected. Most of these owners set up the factories in Shenzhen because production costs in the city are lower. With the changes in investment conditions in Shenzhen, these factories will gradually move to nearby areas in the future. Given the present limited manpower and natural resources, it will be beneficial for Shenzhen to develop more enterprises that need strong technology and advanced knowledge. The increase of workers' wages in Shenzhen is also properly controlled. For example, since the reform in wages, the average per capita monthly income in Shenzhen is about 200 yuan, which is not greatly different from the monthly per capita income in the interior. The wages of workers and staff members in the enterprises run by Sino-foreign joint ventures have remained unchanged. The average wage of workers is HK\$800.

Excellent Conditions in Other Respects

He said again: Apart from the above-mentioned factors, Shenzhen has other excellent conditions that cannot be matched by the conditions in other interior cities. After the administrative line of the Shenzhen SEZ is used, raw and processed materials exported to Shenzhen will be exempted from taxes, and the export tax rate for its products will also be lower than other areas in the interior. Furthermore, Shenzhen is geographically close to Hong Kong. Foreign businessmen may start working early in the morning and return home late at night. They may even work in Shenzhen during the daytime, and return to Hong Kong at night. Apart from all this, Shenzhen is now enhancing the quality of workers in the special economic zone so that their work efficiency and technical level will be close to those of workers in Hong Kong. At present, workers in Shenzhen are recruited from all parts of the country. They are employed only after passing examinations. Some departments concerned in Shenzhen are exerting vigorous efforts to provide education courses for adults and various technical training courses, so that workers may receive training before they are employed, or while they are working. Some workers with low educational levels will be transferred to posts that do not need advanced technology and knowledge.

Speeding Up The Solution of the Energy Problem

Zou Erhang pointed out: The most important problem affecting the development of Shenzhen is the energy shortage. Shenzhen does not dare to vigorously develop large factories because of the lack of power. Even if we established many large-scale industrial enterprises, their normal production could not be ensured.

He said: Shenzhen is now speeding up its construction projects in energy, transportation, and communications (It has cooperated with Hong Kong to build a thermal power plant in ShaJiao, Dongguan). However, the present situation will not be markedly improved for 7 or 8 years. At present, while exercising control over imports, we place proper stress on the development of energy projects.

Most Cadres Can Stand the Test

Zou Erkang said: The central authorities have always linked the establishment of the special economic zones with our four modernizations program, and considered the construction of the SEZ from the general situation in the economic structural reform of the whole country. The central authorities have asked Shenzhen to take the lead in implementing the open-door policy. The practical experience of Shenzhen over the past few years has shown that opening up to the outside world does not mean harming our sovereignty. Most cadres who have dealings with capitalists can stand the test. The general mood of society in Shenzhen is comparatively good. We have learned from our practical experience that we will get something economically, but lose nothing politically, in the course of opening up to the outside world.

He added: Leading departments of the Shenzhen Municipal CPC Committee have demanded that cadres in the SEZ, whether they are chairmen of boards of directors, general managers, or hold other senior posts, be honest in performing their official duties. They get their salaries and bonuses as stipulated by the state. They will be treated as violating the law even if they get only one fen of extra income. The discipline inspection departments should handle such cases once they are discovered. The percentage of cadres who commit mistakes is not high. The more contacts most cadres have made with foreign businessmen, the more confidence they have in socialism.

Economic Construction in the SEZ Will Surely Be Successful

Zou Erkang stated: The main aspect of the general mood of society in Shenzhen is good despite occurrences of smuggling, robbery, illegal societies, and so on. This seamy side of things is not the product of opening to the outside world. Such problems also occur in other regions of the interior. In recent years, Shenzhen has paid close attention to these problems. Casinos, drug taking, and brothels are not allowed in Shenzhen. The fact that a casino in a hotel in Shenzhen Wan was closed is a good example. Generally speaking, it is not a fact that Shenzhen is devoid of any shortcomings. However, we should affirm that over the past 5 years it has made progress in construction and other aspects.

In conclusion, Zou Erkang said: With such good conditions and the experiences accumulated over the past few years, the Shenzhen SEZ will surely be successful. Hong Kong greatly supported Shenzhen's construction in the past. It can be expected that the development of Shenzhen in the future will be helpful to the stability and prosperity of Hong Kong. He also hoped that Hong Kong and Shenzhen would promote still more cooperation in the future.

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